UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

JOHN HANCOCK LIFE INSURANCE	
COMPANY, JOHN HANCOCK)
VARIABLE LIFE INSURANCE)
COMPANY, and MANULIFE)
INSURANCE COMPANY (f/k/a)
INVESTORS PARTNER INSURANCE)
COMPANY,)
) CIVIL ACTION NO. 05-11150-DPW
Plaintiffs,)
)
V.)
)
ABBOTT LABORATORIES,)
)
Defendant.)
)

AFFIDAVIT OF AVRAM S. TUCKER

I, Avram S. Tucker, hereby declare and say:

I. Background and Qualifications

- 1. My name is Avram S. Tucker.
- 2. I am a Managing Director and a Strategic Advisor to the Executive Committee of Navigant Consulting, Inc. ("NCI"), a specialized independent consulting firm. NCI was engaged by counsel for Abbott Laboratories ("Abbott") in connection with a lawsuit filed against Abbott by John Hancock Life Insurance Company, John Hancock Variable Life Insurance Company and Manulife Insurance Company, formerly known as Investors Partner Insurance Company (collectively, "Hancock"). I have been asked to review and respond to certain damage claims made by Hancock and related opinions and calculations

presented in the affidavit of Hancock's expert Alan Friedman¹ and the affidavit of Stephen Blewitt.² NCI performed its analysis under my supervision. The purpose of this Affidavit is to present my direct testimony related to my findings and opinions on Hancock's economic damage theories and calculation of alleged damages.³

- 3. I have not been asked to address the liability issues in this case. I understand that Abbott believes it is not liable for any claims made by Hancock in this matter. If Abbott is not liable then there would be no damages. Therefore, my analysis is based on the assumption (without agreement) that Abbott is found liable on at least some of Hancock's claims.
- 4. In performing my work, I considered documents produced in discovery; pleadings and other related documents obtained in the course of performing my research and analysis; as well as documents considered by Mr. Friedman and Mr. Blewitt.
- 5. I am a Managing Director and a Strategic Advisor to the Executive Committee of NCI. NCI is an international company with approximately 40 offices and approximately 1,700 professionals experienced in accounting, economics, finance, engineering, information technology and other disciplines. I joined NCI in 2004. From 1994 until 2004, I was the Chief Executive Officer and a co-founder of Tucker Alan Inc., a business and litigation consulting company of approximately 250 professionals. From 1981 until 1994, I worked for Peterson Consulting Limited Partnership (and its predecessor companies), an international business and litigation consulting firm of approximately 400 professionals. During the latter years at Peterson Consulting, I was an Executive Vice President and, for a period of time, the Chief Operating Officer. From 1977 until 1981, I worked at the international public accounting and consulting firm of Arthur Andersen & Co. where I performed financial statement and special purpose audits, as well as business consulting.
- 6. I am a Certified Public Accountant and am experienced in accounting, economics, finance and operations of companies in a variety of industries. I am a Consulting

¹ Mr. Friedman submitted an expert report on October 13, 2006 and an updated expert report on December 3, 2007. He also submitted an affidavit dated January 28, 2008.

² Mr. Blewitt submitted an affidavit dated January 28, 2008.

³ I submitted an expert report on January 19, 2007, a true and correct copy of which is attached hereto as D's Exhibit BP. I also submitted a supplemental expert report on December 3, 2007, a true and correct copy of which is attached hereto as D's Exhibit BY.

Professor at the Stanford University School of Engineering where I co-teach two graduate level courses covering accounting, finance and management of long-term contracts, as well as techniques for the analysis of the financial condition of businesses, including evaluation of damage claims. I have also lectured and given seminars to corporations, at universities and at professional association conferences on the proper approach to calculating economic damages. In the course of my career, I have prepared or analyzed hundreds of economic damage claims. My economic damages experience includes analysis of increased cost; lost profit; business and asset valuation; and royalty claims. I have prepared and analyzed disgorgement claims. I have studied the business operations of, and market and economic conditions affecting, companies in a variety of industries. I have consulted on antitrust; bankruptcy; breach of contract; professional negligence; business interruption; lender liability; misrepresentation; merger and acquisition; intellectual property; securities; environmental; fraud; insurance; and other disputes. I have analyzed and provided expert testimony on disputes involving pharmaceutical products and the pharmaceutical industry, involving breach of contract, merger and acquisition, misrepresentation and licensing issues. I have also analyzed and testified on other disputes involving mergers and acquisitions and joint development and license agreements. My resume, which includes a listing of my publications, is included as Attachment B to my Expert Report dated January 19, 2007.

- 7. I have testified for plaintiffs and defendants on liability, causation and/or economic damages on cases in State and Federal courts, in the United States Court of Federal Claims, in State and Federal administrative proceedings, and in domestic and international arbitration cases. A list of my deposition and trial testimony in the last four years is included as Attachment C to my Expert Report dated January 19, 2007. My billing rate for work performed on this matter is \$650 per hour. Neither NCI's compensation nor my compensation in this matter is dependent on my conclusions or the outcome of this case.
- 8. I understand that Hancock and Abbott entered into a Research Funding Agreement dated as of March 13, 2001 ("the Agreement").4 Under the Agreement, Hancock agreed to

⁴ Agreement (JH 008081).

provide funding to Abbott for research and development activities on a portfolio of Program Compounds in exchange for the right to receive certain management fees and future royalty and milestone payments.⁵

9. Hancock alleges that Abbott breached the Agreement by misrepresenting and/or failing to disclose certain information regarding the prospects and condition of three Program Compounds (ABT-518, ABT-594 and ABT-773), misrepresenting its "intended and reasonably expected" spending plans, and failing to pay Hancock one-third of the unspent portion of the Aggregate Carryover Amount, among other reasons.⁶ Hancock also alleges that Abbott fraudulently induced Hancock to enter into the Agreement by misrepresenting and/or failing to disclose certain information about the three compounds identified above.⁷

II. Summary Of Hancock's Damage Claims

10. Hancock describes its basis for claiming damages in the "Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law." On page 21, paragraph 90, Hancock states:

"Had Abbott informed John Hancock of the true prospects and condition of ABT-518 as of March 13, 2001, that information would have significantly altered the economics and attractiveness of the proposed funding deal from John Hancock's perspective, and Hancock would not have entered into that Agreement in its present form, or would not have entered into any funding agreement with Abbott whatsoever."8

11. Hancock makes similar claims about ABT-594 in on page 29, paragraph 105 of the Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law and about ABT-773 on page 36, paragraph 129 of the Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law.⁹

⁵ Agreement (JH 008081).

⁶ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 53 paragraph 30.

⁷ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 50 paragraph 11.

⁸ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 21 paragraph 90.

⁹ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 29 paragraph 105 and page 36 paragraph 129.

- 12. As described in Section IV.C.4. of this Affidavit, Hancock has not presented any damages based on an assumption that the Agreement would have gone forward but with different terms and conditions. Hancock has presented a rescission claim and I address that in Section VI of this Affidavit.
- 13. In the Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, in describing its damage approach for both fraud (page 49 paragraph 7) and breach of contract (page 53 paragraph 26), Hancock states that it is applying the "benefit of the bargain" approach under Illinois law. 10 On page 49, paragraph 7, Hancock states, "Damages are determined by assessing the difference between the actual value of the property sold and the value the property would have had if the representations had been true." I address Hancock's "benefit of the bargain" approach from an economic perspective in Section IV of this Affidavit.
- 14. Hancock submitted its damage claims through the affidavits of Mr. Friedman and Mr. Blewitt. For purposes of calculating alleged damages, Mr. Friedman assumed that "Abbott breached its obligations to John Hancock under the relevant provisions of the Agreement" and that "Abbott misrepresented or failed to disclose information about the status and prospects for at least the Misrepresented Compounds, and that those misrepresentations and omissions were material to John Hancock's decision to enter into the Agreement."12
- 15. In paragraph 13 of his affidavit, Mr. Friedman identifies the five components of his damages assessment, which I have summarized below in Chart I:

¹⁰ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 49 paragraph 7 and page 53 paragraph 26.

11 Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 49 paragraph 7.

¹² Friedman affidavit, paragraph 11.

Chart I - Mr. Friedman's Damage Calculations ¹³ Dollars in Millions				
	Low Case		Base Case	
1. Lost Royalties	\$	221.0	\$	355.0
2. Lost Milestones		17.0		13.0
3. But-For Program Spending		(57.8)		(75.3)
	\$	180.2	\$	292.7
4. Spending Shortfall	\$	28.3	\$	33.0
5. Rescission	\$	89.6	\$	89.6
Note: All amounts exclude pre-judgment interest				

- 16. Because Mr. Friedman uses a similar methodology to perform his lost royalty and milestone damage calculation, I will combine those claims in my evaluation. I have also excluded prejudgment interest from Hancock's damages claim because I understand that it is a legal issue. If requested by the Court, I can calculate prejudgment interest.
- 17. In addition to Mr. Friedman's damage calculations, Mr. Blewitt states in paragraph 124 of his affidavit, "Had Abbott informed me and others of its actual 'intended and reasonably expected' spending plans on Program Related Costs in its various ARPs as required under the terms of the Agreement, including in its ARP for 2002, I believe that John Hancock quite possibly would not have been required to make, and I believe Hancock quite possibly would not have made, its Second Program Payment in the amount of \$54,000,000 in January 2003." ¹⁴
- 18. An explanation of Mr. Friedman's damage approach and my evaluation of his damage calculations are summarized in the remaining sections of this Affidavit as follows: lost royalties and milestones (Section IV); spending shortfall (Section V); and rescission (Section VI). An explanation of Mr. Blewitt's assertions regarding the Second Program Payment and my evaluation of this claim is summarized in Section VII of this Affidavit.

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¹³ Friedman affidavit, Tables 14, 17, 21, 18 and 19.

¹⁴ Blewitt affidavit, paragraph 124.

III. Overall Evaluation Of Hancock's Damage Claims

- 19. Mr. Friedman's damage calculations suffer from numerous methodological and calculation errors. His claims are based on insufficient analysis, improper economic damage methods, unreasonable assumptions and improper speculation. With respect to lost royalties and milestones, Mr. Friedman: (1) does not calculate damages with reasonable certainty; (2) does not demonstrate a causal link between the alleged misrepresentations and Hancock's claimed damages because he fails to analyze the impact of the alleged misrepresentations; (3) fails to consider the results of the compounds in the portfolio but not at issue; (4) uses improper but-for and actual scenarios; (5) develops a but-for scenario that is inconsistent with Hancock's complaint; and (6) makes other errors, including he fails to account for risks of not achieving projected sales, fails to deduct the entire \$110 million in Program Payments that Hancock would have made, double-counts damages and fails to account for out-licensing. Mr. Friedman's analysis is unreasonable in relation to Hancock's original expectations and Hancock's damages are substantially reduced by correcting just three flaws (and ignoring others) in Mr. Friedman's damage calculations (which I provide for illustrative purposes only). With respect to the spending shortfall, Mr. Friedman's calculations are inconsistent with the facts in this case. With respect to the claim for rescission, Mr. Friedman's damage calculations are insufficient because he fails to analyze whether Hancock would have not entered into the Agreement.
- 20. Mr. Blewitt's damage assessment is also unreliable because it is unsupported and inconsistent with the facts in this case.

IV. Detailed Evaluation Of Lost Royalty And Milestone Damage Calculations

A. Summary Of Mr. Friedman's Lost Royalty And Milestone Damage Calculations

21. As illustrated in Table 1 of Mr. Friedman's affidavit, Mr. Friedman claims that Hancock's lost royalty damages represent the difference between "But-for Expected Royalty Payments" and "Actual Expected Royalty Payments." For ABT-518, ABT-594 and ABT-773, the but-for scenario is based on Abbott's internal nominal sales

¹⁵ Friedman affidavit, Table 1.

projections developed at or around the time of the Agreement. ¹⁶ Mr. Friedman multiplies the nominal sales projection for each Program Compound by its respective probability of success (i.e., probability of obtaining FDA approval) to determine expected sales for each Program Compound. 17 Mr. Friedman applies the royalty rates to the expected sales to determine expected royalties.¹⁸

- 22. Mr. Friedman performs two calculations the "Base Case" and the "Low Case." In his Base Case, Mr. Friedman uses Abbott's internal Base Case sales projections and probabilities developed at or around the time of the Agreement for the three compounds at issue in this case (in essence, the original sales projections).²⁰ In his Low Case, Mr. Friedman uses Abbott's internal Low Case sales projections and publicly-available industry average probabilities of success for the three compounds at issue in this case.²¹ Mr. Friedman uses a similar method to calculate lost milestones.²²
- 23. For the three compounds at issue, Mr. Friedman's Base Case uses as his but-for scenario Abbott's original sales projections times Abbott's original probability of achieving FDA approval times the royalty rates.²³ Mr. Friedman compares his but-for scenario to the actual scenario as of December 2005 which he calculates to be \$0 since the compounds were terminated by that time.²⁴ For the other six compounds that are not alleged to have been misrepresented, Mr. Friedman's but-for and actual scenarios are assumed to be identical.²⁵ Five of the six compounds that are not alleged to have been misrepresented were terminated.²⁶ For the five compounds that were terminated, he compares a but-for scenario of \$0 (recognizing that they failed for reasons unrelated to any misrepresentations) to an actual scenario of \$0.27 For the sixth compound that remains

¹⁶ Friedman affidavit, paragraph 34.

¹⁷ Friedman affidavit, paragraphs 29 and 36.

¹⁸ Friedman affidavit, paragraphs 30 and 37.

¹⁹ Friedman affidavit, Table 14.

²⁰ Friedman affidavit, Tables 4 and 9 and paragraphs 28 and 35.

²¹ Friedman affidavit, Tables 4 and 9 and paragraphs 28 and 35.

²² Friedman affidavit, paragraph 45.

²³ Friedman affidavit, paragraphs 34, 35, 37 and Table 5. For his Low Case, Mr. Friedman uses the same nominal sales projections and royalty rates as in his Base Case, but uses the publicly-available industry average probabilities

²⁴ Friedman affidavit, Table 10 and paragraph 29.

²⁵ Friedman affidavit, paragraph 34.

Friedman affidavit, paragraph 29.

²⁷ Friedman affidavit, Tables 7 and 10.

under development by Abbott without any claimed misrepresentations, Mr. Friedman's but-for and actual scenarios are the same, both based on Abbott's current projections (which are substantially lower than the original projections).²⁸

B. Mr. Friedman's Damage Claims Are Not Reasonably Certain

- 24. A proper economic damages claim must establish both the fact of damages and the amount of damages. The amount of damages must be established with reasonable certainty and may not be based on speculation. Mr. Friedman's lost royalty and milestone damage calculation is a claim for lost profits for unique pharmaceutical compounds that had not received regulatory approval or been marketed and that I understand are each a part of a novel class of drugs that also had not received regulatory approval or been marketed. I understand that under Illinois law, lost profits are not recoverable with respect to a new business or a new product of an existing business because there is no actual sales history and the future profits cannot be ascertained with any degree of certainty.
- 25. Mr. Friedman states in paragraph 15 of his affidavit that "In order to compute John Hancock's lost royalty payments, I utilized the 'probability-weighted discounted cash flow' approach."²⁹ Under this approach, Mr. Friedman multiplies the nominal sales forecast by a probability percentage of success (i.e., FDA approval) to determine "expected sales." For example, Mr. Friedman bases his lost royalties on the "expected sales" of ABT-518, ABT-594 and ABT-773 based on estimated probabilities of FDA approval (e.g., 12.5% for ABT-518 in Mr. Friedman's Base Case analysis). 30 Mr. Friedman's approach improperly assumes that he can predict with reasonable certainty, the likely timing and amount of commercial success of one or two or three "chances" to turn a developmental drug compound into a commercial product. This is equivalent to claiming damages for a start-up business based on initial projections even though the business has a high chance of failure. For example, the expected probability of FDA

²⁸ Friedman affidavit, Tables 7, 10 and paragraph 22.

²⁹ Friedman affidavit, paragraph 15.

³⁰ Updated Friedman report, dated December 3, 2007, Exhibit 5.1. Mr. Friedman rounds this to 13% in his affidavit (Friedman affidavit, Table 5).

approval was 12.5% for ABT-518 in Mr. Friedman's Base Case analysis.³¹ This equates to an expected probability of failure of 87.5%. Similarly, according to Mr. Friedman, the initial probability of success for ABT-594 was 31.5%, 32 which is equivalent to a 68.5% probability of failure. Mr. Friedman nevertheless claims damages, despite the high likelihood of failure irrespective of the alleged misrepresentations.

- 26. Abbott's estimated probability of obtaining FDA approval for ABT-773 as of the date of the Agreement was 72%, ³³ but that probability was necessarily limited to the information known to Abbott at that time.³⁴ Even in the absence of any alleged misrepresentations, Abbott's estimated 72% probability of success could still decrease dramatically if Abbott learned new information after the date of the Agreement. For example, ABT-980 and ABT-627 (compounds that Hancock does not allege to have been misrepresented), which had 65% and 70% probabilities of success, respectively, were both cancelled at some point because their prospects of success were deemed to be too low to continue development.³⁵
- 27. In my experience, the use of a probability-weighted approach is not a generally accepted economic method to measure damages. A probability-weighted approach does not by itself demonstrate reasonable certainty, regardless of its use for other business purposes. In this case, the projections that Mr. Friedman relied on for calculating damages are not reasonably certain. These projections were not based on any historical sales data for the compounds in question. I understand the compounds at issue in this case are unique drug development programs and are each a part of a novel class of drugs in which failures are not uncommon.
- 28. Mr. Friedman's probability-weighted approach is also improper because it results in predicted outcomes that are fictional. Mr. Friedman bases his amounts on nominal sales times the probability of FDA approval. For example, his calculation for ABT-518 is based on nominal sales estimates of ABT-518 times a 12.5% (rounded to 13% in Mr.

³¹ Updated Friedman report, dated December 3, 2007, Exhibit 5.1. Mr. Friedman rounds this to 13% in his affidavit (Friedman affidavit, Table 5).

³² Updated Friedman report, dated December 3, 2007, Exhibit 5.1. Mr. Friedman rounds this to 32% in his affidavit (Friedman affidavit, Table 5).

³³ Friedman affidavit, Table 5.

³⁴ Affidavit of Keith Hendricks, dated February 17, 2008, paragraph 18.

³⁵ Blewitt Memo (JH 001197), a true and correct copy of which is attached hereto as D's Exhibit 569.

Friedman's affidavit) probability of obtaining FDA approval. For example, if the nominal sales estimate was \$1,000, Mr. Friedman's damage calculation would be based on \$125 of assumed lost royalty-bearing sales (12.5% times \$1,000). However, even if you assume that there is no change in sales projections due to subsequent information and that the prospects of the compounds remain the same throughout the compound's development, the outcome is either going to be \$0 if no FDA approval or \$1,000 with FDA approval. It is never going to be \$125.

29. As support for using probabilities in calculating damages, Mr. Friedman cites the use of probabilities by various accounting organizations, including the Financial Accounting Standards Board, the United States Office of Management and Budget, and the American Institute of Certified Public Accountants.³⁶ These organizations are discussing this approach in the context of accounting and budgeting – they are not sanctioning this approach for use in determining economic damages.

C. Mr. Friedman Has Not Demonstrated A Causal Link Between The Alleged Misrepresentations And Hancock's Claimed Damages

30. To the extent that Hancock is claiming damages based on the benefit of the bargain theory, Mr. Friedman's analysis is insufficient.³⁷ As discussed above, Hancock describes its benefit of the bargain approach as "the difference between the actual value of the property sold and the value the property would have had if the representations had been true."³⁸ From an economic standpoint, in a benefit of the bargain approach, the "value the property would have had if the representations had been true" would be based on Hancock's right to participate in the benefits of the development of the compounds as represented. The value would not be based on a guaranteed outcome or an assumption that the original estimates would have occurred. In this case, the Agreement specifically states that "[Abbott's] projections do not constitute any warranty as to the future performance of the Program Compounds and that actual results may vary from such

³⁶ Friedman affidavit, paragraph 15.

³⁷ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 49 paragraph 7 and page 53 paragraph 26.

⁸ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 49 paragraph 7.

projections."³⁹ Mr. Friedman's calculation does not measure the "value the property would have had if the representations had been true."⁴⁰ Instead, Mr. Friedman bases his but-for royalties and milestone payments on Abbott's internal projections prepared at or around the time of the Agreement (in essence, the original projections)⁴¹ with no analysis of other factors that would have affected the ultimate success of the compounds – in essence assuming a guaranteed outcome. As described below, Mr. Friedman has not demonstrated that the damages he calculated result from the liability issues in this case (i.e., he has not demonstrated a causal link between the alleged misrepresentations and his lost royalty and milestone damages).

1. Failure To Analyze The Impact Of The Alleged Misrepresentations

- 31. As described above, Mr. Friedman calculated Hancock's claimed damages based on the original projections of ABT-518, ABT-594 and ABT-773. He compared the resulting royalties (his assumed but-for scenario) to \$0 of royalties based on the actual failure of the Program Compounds. However, Mr. Friedman did not analyze or determine with reasonable certainty what would have occurred if Abbott had not made the alleged misrepresentations.
- 32. Mr. Friedman did not study whether the alleged misrepresentations had any impact on the failure of Abbott to achieve the expected sales for ABT-518, ABT-594 and ABT-773. Mr. Friedman did not quantify the impact on sales of the alleged misrepresentations, simply assuming that the entire decline in the expected sales of the compounds is attributable to the alleged misrepresentations. I understand that information became available to Abbott after the Agreement was signed that caused a reduction in the prospects and resultant termination of the three compounds at issue, such as MMPI clinical data released at the ASCO conference in May 2001, unblinding and analysis of clinical trial results for ABT-594 and changes in the regulatory environment for ketolides and subsequent clinical results regarding ABT-773.

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³⁹ Agreement, Section 12.2d.

⁴⁰ Plaintiffs' Preliminary Proposed Findings of Fact and Conclusions of Law, page 49 paragraph 7.

⁴¹ Friedman affidavit, paragraphs 34 and 51.

33. Without a study of the impact of the alleged misrepresentations on the originally expected sales and royalties, Mr. Friedman has no reliable basis to determine any damage amount caused by the alleged misrepresentations.

2. Failure To Consider The Results Of The Compounds In The Portfolio But Not At Issue

- 34. Mr. Friedman's damage calculations are based on Abbott's original sales projections⁴² without consideration of factors unrelated to the alleged misrepresentations that cause compounds to fail. For example, of the six Program Compounds in the portfolio with no alleged misrepresentations, five have been terminated for scientific, economic or other reasons and for the one compound still under development, current projections reflect substantial reductions from original sales estimates.⁴³ Further, during the course of development, projected launch dates for these compounds were delayed from the original projections, thereby reducing Hancock's royalty period.⁴⁴
- 35. The five compounds that were terminated for reasons Hancock does not allege are related to any alleged misrepresentations were, according to Table 3 on page 8 of Mr. Friedman's affidavit, estimated to have nominal sales of over \$20 billion in the Base Case. Despite a reduction in the projected sales of five compounds in the portfolio by \$20 billion for reasons Hancock acknowledges are unrelated to any alleged misrepresentations, with respect to ABT-518, ABT-594 and ABT-773, Mr. Friedman assumes, without analysis, that there was no reduction to the originally estimated sales as a result of factors other than the misrepresentations (as reflected in Chart II below).

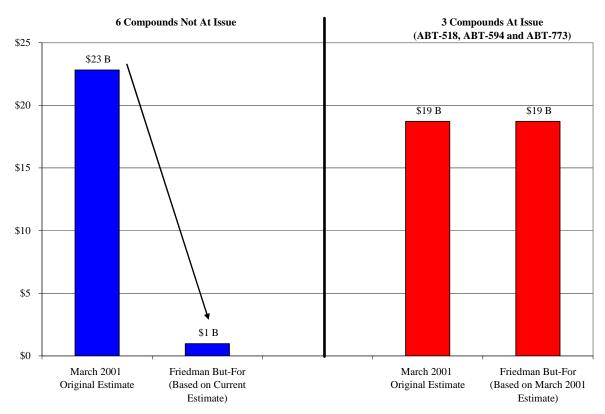
⁴² Friedman affidavit, paragraph 34.

⁴³ Friedman affidavit, paragraphs 22 and 29 and Tables 3 and 4.

⁴⁴ Hancock Loan Review Report, dated February 27, 2006 (JHII 021948), a true and correct copy of which is attached hereto as D's Exhibit FX and Updated Friedman report, dated December 3, 2007, Exhibits 3.4 and 4.4.

Chart II - Mr. Friedman's Assumptions Of Base Case Nominal Sales That Program Compounds Would Have Generated But For The Alleged Misrepresentations⁴⁵

Dollars in Billions



36. As shown in Chart III below, a review of the five compounds terminated for reasons not alleged to be related to the alleged misrepresentations demonstrates that both compounds with low probabilities of success and high probabilities of success can fail due to scientific, economic and other factors.

Chart III – Program Compounds Not Alleged To Be Misrepresented ⁴⁶				
		Original Probability Of	Current Probability Of	
Progr	Program Compound		Success	
ABT-100	FTI	10%	0%	
ABT-492	Quinolone	30%	0%	
ABT-510	TSP	30%	0%	
ABT-627	Endothelin	70%	0%	
ABT-724	Erectile Dysfunction	10%	0%	
ABT-751	Antimitotic	40%	8% to 41%	

⁴⁵ Friedman affidavit, Tables 3 and 4.

⁴⁶ D's Exhibit FX (Hancock Loan Review Report, dated February 27, 2006 (JHII 021948)) and Friedman affidavit, Tables 5 and 6.

- 37. The probability of success for the one remaining active compound has also changed over time. The original probability of success for ABT-751 was 40% 47 and its current probability of success is estimated between 8% and 41%. 48 Based on the original projections, as the probability of success decreases, expected sales and royalties also decrease. The expected launch date for the one Program Compound that is still active --ABT-751 -- has also been postponed from 2006 to 2009, which would reduce the royalties.49
- 38. Despite this evidence that five of the other six Program Compounds (in the deal but not alleged to have been misrepresented) have been terminated, that the other active Program Compound is now expected to perform worse than initially expected and that development of that compound was delayed, thereby reducing the royalty period, Mr. Friedman unreasonably assumes that the entire decline in the expected sales of ABT-518, ABT-594 and ABT-773 is attributable to the alleged misrepresentations.

3. Mr. Friedman's But-For And Actual Scenarios Are Improper

39. Mr. Friedman calculates his lost royalty and milestone damages by comparing a "but-for" scenario of royalties and milestone payments to the royalties and milestone payments that he determines Hancock will receive in the "actual" world based on current information. From an economic point of view, the information Mr. Friedman uses for both elements of his comparison are wrong. A proper comparison would compare (1) a but-for scenario based on projections prepared without incorporating the alleged undisclosed materially adverse information (the value of the compounds "as represented") to (2) projections at or around the time of the Agreement incorporating the alleged undisclosed materially adverse information (the value of the compounds "with the defect"), but without incorporating other factors or information not yet known to Abbott at the time of the Agreement. Mr. Friedman's "but-for" element is improper because it is based on internal Abbott projections prepared at the time of the Agreement that would incorporate the alleged undisclosed materially adverse information (if it existed). Mr. Friedman's

⁴⁷ D's Exhibit FX (Hancock Loan Review Report, dated February 27, 2006 (JHII 021948)).

⁴⁸ Friedman affidavit, Tables 5 and 6.

⁴⁹ D's Exhibit FX (Hancock Loan Review Report, dated February 27, 2006 (JHII 021948)) and Updated Friedman report, dated December 3, 2007, Exhibits 3.4 and 4.4.

- "actual" scenario is also improper because it is based on current information which includes the impact of factors and information that were not (and could not have been) known to Abbott at the time of the Agreement.
- 40. Mr. Friedman's but-for scenario is based on Abbott's internal projections for ABT-518, ABT-594 and ABT-773 prepared at or around the time of the Agreement. Mr. Friedman's approach of comparing Abbott's internal projections to the actual result implicitly assumes that Abbott's internal projections prepared at or around the time of the Agreement fail to incorporate the information Abbott allegedly withheld from Hancock and therefore are overstated. However, Abbott personnel have testified that the projections were recently updated and took into consideration all information known to Abbott at that time, and therefore, would reflect any material adverse information known to Abbott at that time. Therefore, it was improper for Mr. Friedman to use the original projections as the basis for his but-for scenario.
- 41. Mr. Friedman's actual scenario is also improper because it is not assessed as of the date of the Agreement. With respect to the three compounds alleged to have been misrepresented, Mr. Friedman compared Abbott's projections at the time of the Agreement in 2001 to the status as of a later date, without analyzing whether post-contractual information and events, rather than the alleged misrepresentations, had reduced the prospects of the compounds.
- 42. Mr. Friedman did not present any analysis of the difference between projections that did not incorporate the alleged undisclosed materially adverse information and projections that did incorporate the alleged undisclosed materially adverse information at the time of the Agreement, which I understand would be required when measuring benefit of the bargain damages under Illinois law. Mr. Friedman inherently assumes (without study and contrary to Abbott's own projections) that the projections would have gone to zero based on the alleged misrepresentations.⁵² As described above, the internal Abbott projections he starts with already consider all factors known by Abbott at the time of the Agreement.

⁵¹ Affidavit of Keith Hendricks, dated February 17, 2008, paragraphs 10-13.

⁵⁰ Friedman affidavit, paragraphs 34 and 51.

⁵² Summary of Success Probabilities by Project and Franchise (ABBT 0047890-92), a true and correct copy of which is attached hereto as D's Exhibit 800.

Even if there was any undisclosed materially adverse information, there is no reason to assume it would have reduced the likelihood of success to zero.

43. Hancock disputes Abbott's assertion that its projections at or around the time of the Agreement took into consideration all information known to Abbott at that time. Even if one accepts Hancock's position for purposes of discussion (without agreement), Hancock would need to acknowledge that Abbott's April 6, 2001 summary of success probabilities reflected Abbott's current knowledge about the prospects for each compound in April (shortly after the Agreement was signed). This April 6, 2001 information was developed as part of Abbott's portfolio prioritization and budget process, and after the March 7-9, 2001 Initial Portfolio Prioritization Review.⁵³ Therefore, this April 2001 information would reflect the information Hancock alleges was not disclosed by Abbott. However, contrary to Mr. Friedman's assumption, Abbott does not forecast success probabilities of zero in April. As shown in the chart below, the April 2001 success probabilities for the three compounds are virtually identical to the success probabilities projected at the time of the Agreement (used by Mr. Friedman in his but-for scenario). This demonstrates that Mr. Friedman's assumption of 0% probability of success in the Actual world is improper because other factors not known until after April 6, 2001 are the reason for the success probabilities being reduced to zero (i.e., termination).

⁵³ Affidavit of Keith Hendricks, dated February 17, 2008, paragraph 14.

Chart IV - Demonstration Of Mr. Friedman's Improperly Defined But-For And Actual Scenarios					
	But-For				
	Probability of	Abbott's Actual			
	Success	Probability Of	Mr. Friedman's		
	(Abbott's	Success	"Actual"		
	March 2001	(April 2001	Probability Of		
	Projections)	Projections)	Success		
ABT-518	13%	13%	0%		
ABT-594 Chron. Pain	16%	16%	0%		
ABT-594 Neuro Pain	32%	32%	0%		
ABT-773 Tablet	72%	72%	0%		
ABT-773 IV	36%	38%	0%		
ABT-773 Japan	37%	38%	0%		

4. Mr. Friedman's But-For Scenario Is Inconsistent With Hancock's Claims

- 44. To the extent that Hancock, instead of claiming benefit of the bargain damages, is claiming that but for the alleged misrepresentations, it would have acted differently as Hancock stated on page 21 paragraph 90 of its Proposed Findings, Mr. Friedman's analysis is also insufficient.
- 45. Hancock's Second Amended Supplemental Complaint alleges that "Had John Hancock known the true development status and prospects of ABT-518 before the Agreement was executed, John Hancock would have demanded different terms, such as the substitution of another compound with a comparable projected value or more favorable financial terms with respect to the remaining Program Compounds, or likely would not have entered into the Agreement at all."54 Hancock's Second Amended Supplemental Complaint makes the same allegations with regard to Program Compounds ABT-594 and ABT-773.55

 ⁵⁴ Second Amended Supplemental Complaint, paragraph 27.
 ⁵⁵ Second Amended Supplemental Complaint, paragraph 30 and 33.

- 46. However, Mr. Friedman's affidavit does not reflect any analysis of the circumstances that the Plaintiffs allege would have occurred in the absence of the alleged misconduct. Mr. Friedman's affidavit does not reflect any analysis of substitution of other compounds nor does it reflect any analysis of more favorable financial or other terms with respect to the remaining Program Compounds. While Mr. Friedman does calculate a rescission amount, his affidavit reflects no analysis of whether it is reasonable to assume that Hancock would not have entered into the Agreement but for Abbott's alleged misconduct.
- 47. Neither Mr. Friedman nor Hancock performed any analysis of what Hancock would have done had it known the "true development status" of ABT-518, ABT-594 and ABT-773. At his deposition, Stephen Blewitt was unable to identify any specific changes to the contract terms that Hancock would have required if it had known about the alleged misrepresentations.⁵⁶
- 48. While Hancock's Second Amended Supplemental Complaint discusses the possibility of substitution, there is no identification in Mr. Friedman's affidavit of any potential substitute products. There is no discussion of the reasonableness or availability of any potential substitute products. There is no discussion, analysis or quantification of the projections and expected success rate of any potential substitute product, nor of the likelihood that the actual circumstances of a substitute product would mirror its projected and expected success rate.
- 49. For example, Mr. Friedman's affidavit has not addressed:
 - 1. What specific compounds would ABT-518, ABT-594 and ABT-773 have been replaced with?
 - 2. Would those substitute compounds actually have been available at the time Hancock and Abbott entered into the Agreement?
 - 3. How many compounds would have been substituted?
 - 4. What stage of development would those substitute compounds be in?
 - 5. What would be the probability of success for those substitute compounds?
 - 6. What would be the expected launch date for those substitute compounds?

⁵⁶ Blewitt deposition, 406:8 to 406:11.

- 7. What would be the estimated peak sales for those substitute compounds?
- 50. Even if Mr. Friedman could demonstrate that ABT-518, ABT-594 and ABT-773 would have been replaced with substitute compounds, it is highly speculative to assume that the actual royalties generated by those substitute compounds would equal their "expected royalties," or even that they would have received FDA approval and generated any royalties.
- 51. While Hancock's Second Amended Supplemental Complaint discusses the possibility of different contract terms, there is no discussion or quantification in Mr. Friedman's affidavit of any differing required royalty amount, any differing milestone or management fee amount or any other change in the terms and conditions of the Agreement.
- 52. Had Mr. Friedman analyzed these possibilities that Hancock claims it might have demanded, he would have discovered that each approach, including combinations of approaches, would generate a different impact on the financial outcome of the Agreement for Hancock, including some which would have had no impact in the final outcome. An illustrative example is provided in Section IV.F. of this Affidavit.
- 53. As described above, Mr. Friedman's damage calculations are based on the assumption that but for the alleged misrepresentations, ABT-518, ABT-594 and ABT-773 would have been able to achieve the expected probability of success and the projected sales and royalties. However, this is inconsistent with Hancock's Second Amended Supplemental Complaint which does not discuss or contend that absent the alleged misrepresentations, ABT-518, ABT-594 and ABT-773 would have been able to achieve the expected probability of success and the projected sales and royalties.

D. Mr. Friedman's Damage Calculations Contain Other Errors

1. Mr. Friedman Fails To Account For Risks Of Not Achieving Projected Sales

54. Mr. Friedman's lost royalty and milestone payment calculations are based on nominal sales in future years times a percentage to reflect the probability of obtaining FDA approval. Mr. Friedman makes no other adjustment to reflect business risks (other than obtaining FDA approval) of not achieving the nominal sales forecasts. He makes no

adjustment to reflect business risks, such as competition, customer preferences, economic conditions, obsolescence, and other factors which may result in achieving less than the projected sales. One method used to account for risk is to use a risk-adjusted discount rate. Discount rates are used to present value cash flows to account for the time value of money and the risk of not being able to earn projected future cash flows. However, as described below, Mr. Friedman improperly used a risk-free discount rate for projected sales after 2007. He applied no discount to projected sales for 2007 and prior years.

- 55. Mr. Friedman calculates the present value of his damages using a 4.04% discount rate, which was the 1 year treasury rate as of October 31, 2007. Mr. Friedman's 4.04% discount rate is improperly low because it is a risk-free rate that ignores the risk that projections and expectations will not be achieved. Mr. Friedman's use of a risk-free rate is improper because it assumes that the achievability of the projected royalty stream has a risk equal to the repayment of a government guaranteed treasury bond. Further, Mr. Friedman only applied the 4.04% discount rate to projected cash flows (royalties) for periods 2008 and later. Therefore, he applied no discount to prior estimated cash flows to account for business risks of not achieving originally projected sales.
- 56. Mr. Friedman incorrectly asserts that a "risk-free" discount rate is appropriate to "avoid duplicating the discount factors that already are reflected in the success probabilities and sales forecasts that [he] used in calculating expected royalties." To the contrary, the success probabilities relate only to the likelihood of achieving success in various phases of clinical trials and of ultimately receiving FDA approval to go to market. The success probabilities do not account for the vast majority of the business risks ordinarily accounted for by use of a risk-adjusted discount rate, such as competition, customer preferences, economic conditions, obsolescence, and many others. In Hancock's report to its Bond Investment Committee regarding its pre-investment analysis of the Abbott portfolio, the investment was determined to be equivalent in risk to a Ba1 or Ba2 rated

⁵⁷ Friedman affidavit, paragraph 40.

⁵⁸ Supplemental Affidavit of Keith Hendricks, dated October 23, 2007, a true and correct copy of which is attached hereto as D's Exhibit GD, paragraph 3.

- investment.⁵⁹ According to Moody's, Ba1 or Ba2 rated investments are "judged to have speculative elements and are subject to substantial credit risk."⁶⁰
- 57. The 4.04% discount rate used by Mr. Friedman is inconsistent with other discount rates that Hancock used to evaluate the risk associated with Hancock's expected royalty and milestone payments. Hancock produced in discovery the financial model that it used to calculate the expected cash flows from the Agreement. The model indicates that Hancock discounted its expected cash flows by 10%. Other Hancock documents indicate that Hancock used discount rates ranging between 13% and 16% when discounting the expected cash flows from the Agreement. Further, documents and testimony indicate that Hancock's rate of return required to account for the risk of this investment was 17.5%. Salary in the Agreement of the risk of this investment was 17.5%.
- 58. The 4.04% discount rate is also inconsistent with the 12.5% discount rate that Abbott used in its sales forecasts to evaluate the risk associated with the Program Compounds as well as Abbott's weighted average cost of capital, which is approximately 8% to 10%. 64
- 59. By using an improperly low discount rate, Mr. Friedman has substantially overstated the amount of calculated damages.

2. Failure To Reflect Program Payments That Hancock Would Have Made

- 60. Mr. Friedman did not properly consider offsets to claimed damages to reflect additional program payments that Hancock would have been required to make to achieve the claimed royalties and milestone payments.
- 61. Mr. Friedman acknowledges in his October 2006 report that if the Program Compounds were "*actually* viable compounds as represented by Abbott at the time of the Agreement, then the 2003 and 2004 Annual Research Plans may also have forecast Program Term

⁵⁹ D's Exhibit 569 (Blewitt Memo (JH001185, JH001186)).

⁶⁰ Moody's Rating Symbols & Definitions, page 6, a true and correct copy of which is attached hereto as D's Exhibit FY.

⁶¹ Hancock financial model (abt-mod1115xls.xls).

⁶² Email from Deirdre Mangan to Janelle Brittelli, dated March 5, 2003 with attachment (JH002419 to JH002420), a true and correct copy of which is attached hereto as D's Exhibit FW and Hancock Loan Review Report, dated December 5, 2005 (JHII012050 to JHII012055), a true and correct copy of which is attached hereto as D's Exhibit BI.

⁶³ D's Exhibit 569 (Blewitt Memo (JH001185 to JH001202)) and Blewitt deposition, 97:8 to 98:17.

⁶⁴ Abbott sales forecast for ABT-751 (ABBT0003252 to ABBT0003254), a true and correct copy of which is attached hereto as D's Exhibit GO.

spending in excess of the \$614 million Aggregate Spending Target."⁶⁵ Such a scenario would have required Hancock to make additional payments totaling \$110 million. In his October 2006 report (and in his deposition), Mr. Friedman failed to offset from claimed damages the additional \$110 million in Program Payments that would have been required by Hancock.

62. In his December 2007 "Updated" report, Mr. Friedman for the first time calculates a probabilistic "expected value" of additional program payments that Hancock would have made ranging from \$57.8 million to \$75.3 million. In his affidavit, Mr. Friedman deducts the \$57.8 million to \$75.3 million from his damage calculations. Mr. Friedman's range is based on expected value probabilities of 36 possible spending scenarios. No spending scenario would generate \$57.8 million or \$75.3 million payments. In fact, Hancock would have made additional Program Payments totaling \$110 million in over 70% of Mr. Friedman's claimed analyzed Base Case but-for scenarios. As described earlier in this Affidavit, the use of a probability-weighted approach is not a generally accepted approach to measuring damages.

3. Improper Double-Counting Of Damages

63. In Table 23 of his affidavit, Mr. Friedman summarizes his damage calculations. For the first time, Mr. Friedman adds together claimed damages from alleged lost royalty and milestone payments with claimed damages from the alleged spending shortfall. This error results in a double counting of damages, because as Mr. Friedman acknowledged in his reports, in the "But-for Scenario" the damages related to the shortfall in Abbott's program spending would be eliminated.⁶⁸ In other words, because additional research and development spending on the three additional Program Compounds would likely have been incurred, any spending shortfall would be eliminated.⁶⁹

⁶⁵ Friedman report, dated October 13, 2006, paragraph 11.

⁶⁶ Friedman updated report, dated December 3, 2007, Exhibits 9.2 and 9.4.

⁶⁷ Friedman updated report, dated December 3, 2007, Exhibits 9.2.

⁶⁸ Friedman updated report, dated December 3, 2007, paragraph 10.

⁶⁹ Friedman updated report, dated December 3, 2007, paragraph 10.

4. Failure To Account For Out-Licensing

64. Mr. Friedman acknowledged in paragraph 24 of his affidavit that Abbott out-licensed ABT-492 and ABT-773 to a third party. ⁷⁰ However, he assumed for purposes of his analysis that Hancock will not receive any royalties or milestone payments for these Program Compounds.⁷¹ This assumption is unreasonable in light of Mr. Friedman's approach which is based on probabilities. Hancock's own internal projections indicate that ABT-773 has a 40% chance of success and expected peak sales of \$250 million and that other projections indicate that ABT-773 could achieve \$500 million in annual sales.⁷²

E. Mr. Friedman's Damage Claims Are Unreasonably High In Relation To Hancock's **Original Expectations**

- 65. Based on Mr. Friedman's calculations, Hancock claims lost royalty and milestone payments for ABT-518, ABT-594 and ABT-773 of \$238 million to \$368 million. 73
- 66. Mr. Friedman's lost royalty and milestone calculations are unreasonable in relation to the expectations Hancock had for ABT-518, ABT-594 and ABT-773 at the outset of the deal in March 2001. Prior to entering into the agreement, Hancock developed a financial model to value its potential investment in the portfolio of Program Compounds. That model reflected that the royalty payments, milestone payments and management fees Hancock expected to earn would generate an annualized rate of return of approximately 17.5% on its \$214 million investment (\$170.5 million on a present value basis in March 2001). The present value of expected future cash flows reflected in the model for ABT-518 in the portfolio was less than \$1 million (i.e., if ABT-518 was removed from the portfolio, the value of the portfolio was reduced by less than \$1 million).⁷⁴ The present value of expected future cash flows reflected in the model for ABT-594 was

⁷⁰ Friedman affidavit, paragraph 24.

⁷¹ Friedman affidavit, paragraph 24.

⁷² D's Exhibit FX (Hancock Loan Review Report, dated February 27, 2006 (JHII021946 to 21948)); Affidavit of Stanley Bufkozer, dated February 17, 2008, paragraphs 50-53.

⁷³ See Chart I. Lost royalties equal \$221 million (Low case) to \$355 million (Base case). Lost milestones equal \$17 million (Low case) to \$13 million (Base case).

⁷⁴ Expert Report of Avram S. Tucker, dated January 19, 2007, Exhibits 2 and 2A; Expert Report Of Avram S. Tucker Exhibit Support Binder 3 Of 8.

- approximately \$20 million,⁷⁵ and the present value of expected future cash flows reflected for ABT-773 was approximately \$30 million.⁷⁶
- 67. Collectively, the value reflected in Hancock's model for the inclusion of ABT-518, ABT-594 and ABT-773 in the portfolio was approximately \$52 million.⁷⁷
- 68. Even though Hancock attributed only 31% of the value of its initial investment to ABT-518, ABT-594 and ABT-773, Mr. Friedman's damages calculations nearly triple the importance of those three compounds (as shown in the chart below).

Chart V – Comparison Of Value Attributed To Program Compounds					
Dollars in Millions					
	Present Value Of				
	Expecte	d Future Cash	Implicit Value		
	Flow	s Hancock	Attributable To		
	Attr	ibuted To	Compounds Based On		
	Com	pounds At	Mr. Friedman's		
	Mar	ch 2001 ⁷⁸	Calcu	ılations ⁷⁹	
	Amount	Percentage	Amount	Percentage	
6 Compounds Not At Issue In Litigation	\$118.2	69%	\$34	8%	
3 Compounds At Issue In Litigation	52.3 31%		390	92%	
Total	\$170.5 100% \$424 1009				

F. Illustrative Adjustments To Mr. Friedman's Claimed Damages

69. For purposes of illustration, and ignoring for discussion purposes other methodological errors in Mr. Friedman's analysis, I have made selected adjustments to illustrate the significance of (1) Mr. Friedman's failure to consider that actual results declined materially from the original projections on compounds in the deal, but not at issue in the case; (2) Mr. Friedman's failure to properly consider the delays in anticipated launch dates experienced on the compounds under development; and (3) the improper use of a

⁷⁵ Expert Report of Avram S. Tucker, dated January 19, 2007, Exhibits 3 and 3A; Expert Report Of Avram S. Tucker Exhibit Support Binder 4 Of 8.

⁷⁶ Expert Report of Avram S. Tucker, dated January 19, 2007, Exhibits 4 and 4A; Expert Report Of Avram S. Tucker Exhibit Support Binder 5 Of 8.

⁷⁷ Expert Report of Avram S. Tucker, dated January 19, 2007, Exhibits 5 and 5A; Expert Report Of Avram S. Tucker Exhibit Support Binder 6 Of 8.

⁷⁸ Expert Report of Avram S. Tucker, dated January 19, 2007, Exhibits 5 and 5A; Expert Report Of Avram S. Tucker Exhibit Support Binder 6 Of 8.

⁷⁹ Friedman affidavit, Table 14.

risk free discount rate. By addressing only these three flaws in Mr. Friedman's analysis (i.e., assuming that ABT-518, ABT-594 and ABT-773 were affected similarly by factors unrelated to the alleged misrepresentations as the other six compounds were and adjusting the discount rate), and ignoring for discussion purposes (without agreement) Mr. Friedman's other errors, alleged lost royalty and milestone payments would be:

Chart VI - Illustration Of Impact Of Correcting Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Dollars in Millions					
	Low Case	Base Case			
(1) ABT-518, ABT-594 and ABT-773 Combined	\$3.2	\$28.1			
(2) ABT-518 Only	\$0.0	\$0.0			
(3) ABT-594 Only	\$0.1	\$4.2			
(4) ABT-773 Only \$0.9 \$10.4					

70. Note that the sum of the individual amounts for ABT-518 Only, ABT-594 Only and ABT-773 Only (e.g., in the Low Case, \$0.0 million plus \$0.1 million plus \$0.9 million equals \$1.0 million) is different than when they are combined (\$3.2 million). This result occurs because of differing assumptions regarding terminated compounds. The analysis of ABT-518, ABT-594, and ABT-773 Combined is based on five of the six compounds having been terminated whereas, the analysis of the individual compounds is based on seven of the remaining eight compounds having been terminated. I previously performed substantially similar calculations and included them in my Expert Report, dated January 19, 2007 (see page 25 of my Report as well as Exhibits 1, 1A, 1B, 1C and 1D which were attached to my Report). In light of the termination of ABT-510 since the date of that Report, I have updated my calculations which are attached to this Affidavit. Attached hereto as D's Exhibits GP and GQ are true and correct copies of the supporting calculations for ABT-518, ABT-594 and ABT-773 Combined (Schedules 1A to 1A.18 and 1B to 1B.18). Attached hereto as D's Exhibits GR and GS are true and correct copies of the supporting calculations for ABT-518 Only (Schedules 2A to 2A.18 and 2B to 2B.18). Attached hereto as D's Exhibits GT and GU are true and correct copies of the supporting calculations for ABT-594 Only (Schedules 3A to 3A.18 and 3B to 3B.18).

- Attached hereto as D's Exhibits GV and GW are true and correct copies of the supporting calculations for ABT-773 Only (Schedules 4A to 4A.18 and 4B to 4B.18).
- 71. For illustration purposes, I have also calculated the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's originally projected internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001, which is consistent with what Hancock alleges in its Second Amended Complaint would have occurred.⁸⁰ Under this hypothetical renegotiation, Hancock could have demanded an increase in the royalty rate for the first royalty rate tier (\$400 million in annual net sales). In order to maintain the same internal rate of return that Hancock initially calculated, Hancock might have demanded a 15% royalty rate rather than an 8.5% royalty rate. I previously performed substantially similar calculations and included them in my Expert Report, dated January 19, 2007 (see page 21 of my Report as well as Exhibits 6, 6A, 6B, 6C and 6D which were attached to my Report). In light of the termination of ABT-510 since the date of that Report, I have updated my calculations which are attached to this Affidavit. Attached hereto as D's Exhibit GX is a true and correct copy of the supporting calculations related to a hypothetical renegotiation (Schedules 5A and 5B). If Hancock would have earned royalties at 15% rather 8.5%, current projections of expected future sales for the six compounds in the deal, but not at issue (one of which, ABT-751, remains under internal development) would generate an increase in expected royalties of \$1 million in the Low Case and \$14 million in the Base Case over and above the currently expected royalties based on the actual agreed upon rates. The relatively low increase in expected royalties is the result of the fact that five of the six compounds have been terminated and for the sixth compound that is still subject to royalties, its current expected sales are substantially lower than its original expected sales. Because Mr. Friedman did not even analyze these possibilities and therefore knows neither the financial impact to Hancock, if any, nor the likelihood of Hancock and Abbott agreeing to any of these approaches, his calculation of lost royalty and milestone payments does not provide a reliable measure of economic damages under an assumption that there would be a renegotiation of the terms of the Agreement.

⁸⁰ Second Amended Supplemental Complaint, paragraphs 27, 30 and 33.

V. Detailed Evaluation Of Claim For Shortfall In Spending On Program Related Costs

- 72. Mr. Friedman calculated program spending damages of \$28.3 to \$33.0 million. His damage calculation assumes that Hancock is entitled to one-third of the amount by which Abbott's aggregate spending on Program Related Costs fell short of \$614 million. Responses and Secondary Secondary
- 73. Mr. Friedman's damage claims for program spending is flawed. The Agreement between Hancock and Abbott included an Aggregate Spending Target of \$614 million⁸⁶ and contemplation that Abbott would contribute funds in a two-to-one ratio to Hancock⁸⁷ (\$400 million by Abbott and \$214 million by Hancock).
- 74. Abbott actually invested a total of \$529.3 million which included approximately \$425.3 million of its own funds and \$104 million (the originally contemplated \$214 million less the \$110 million that the Court ruled Hancock was not responsible to pay) of Hancock's own funds. Mr. Friedman now claims on behalf of Hancock that because the \$529.3 million of investment is \$84.7 million less than the \$614 million total Aggregate Spending Target in the Agreement, Hancock is now entitled to one-third of that difference based on the terms of the Agreement.
- 75. However, Abbott actually incurred more than the \$400 million minimum that was contemplated under the Agreement. Abbott's investment of \$425.3 million was more than four times Hancock's actual investment of \$104 million and was nearly two times Hancock's contemplated investment of \$214 million. An additional \$28.3 million

⁸¹ Friedman affidavit, Table 18.

⁸² Friedman affidavit, paragraph 59.

⁸³ A claim for shortfall in spending on program related costs would be mutually exclusive from a claim for lost royalty and milestone payments as well as rescission.

⁸⁴ Friedman affidavit, paragraphs 62 and 63.

⁸⁵ Friedman affidavit, paragraphs 62 and 64.

⁸⁶ Agreement, Section 1.3.

⁸⁷ Memorandum and Order, dated September 16, 2005.

⁸⁸ Abbott Laboratories' Amended Responses and Objections to Plaintiffs' Second Set of Interrogatories, dated August 3, 2007, a true and correct copy of which is attached as D's Exhibit FO, and Friedman affidavit, Table 19.

payment to Hancock would result in an investment by Hancock of \$75.7 million (\$104 million minus \$28.3 million) and would result in an Abbott investment of more than five times Hancock's investment (\$425.3 million versus \$75.7 million).

- 76. Further, Mr. Friedman's damage calculation of \$33.0 million based on the Research Funding Plan Update, dated November 20, 2007 is improper. Abbott informed Hancock that the Research Funding Plan Update contained incorrect numbers regarding Abbott's actual spending and that the correct numbers were contained in Abbott's Amended Interrogatory Responses. ⁸⁹ Mr. Friedman's \$33.0 million damage scenario ignores the fact that Abbott corrected the numbers in Abbott's Amended Interrogatory Responses.
- 77. Based on Abbott's Amended Interrogatory Responses and assuming (without agreement) that Hancock is entitled to one-third of the amount by which Abbott's aggregate spending on Program Related Costs fell short of \$614 million, Abbott spent a total of \$529.3 million during the Program Term. The alleged shortfall is \$84.7 million. One-third of the \$84.7 million alleged shortfall is \$28.2 million. Attached hereto as D's Exhibit GY is a true and correct copy of the supporting calculations related to the spending shortfall claim (Schedules 6A and 6B).

VI. Detailed Evaluation Of Claim Related To Rescission Of The Agreement

- 78. In paragraph 66 of his affidavit, Mr. Friedman states that he "computed damages that would be owed to John Hancock if the Agreement is rescinded, and the parties are to be put back in the financial position they would have been in had they never entered into the Agreement." He calculates that Hancock's rescission damages total \$89.6 million (before prejudgment interest). The \$89.6 million represents Hancock's actual Program Payments to Abbott less the management fees and milestone payments Hancock received from Abbott. Page 1921.
- 79. Paragraphs 66 and 67 of Mr. Friedman's affidavit represent the entire extent of his discussion of rescission of the Agreement. Mr. Friedman apparently did not study the

⁸⁹ Letter from John G. Poulos to Stephen J. Blewitt, dated January 9, 2008, a true and correct copy of which is attached hereto as D's Exhibit EE.

⁹⁰ Friedman affidavit, paragraph 66. Although not explicitly discussed in Mr. Friedman's reports or affidavit, a claim for rescission would be mutually exclusive from a claim for lost royalty and milestone payments.

⁹¹ Friedman affidavit, paragraph 67.

⁹² Friedman affidavit, paragraph 67.

- likelihood or the reasonableness of an assumption that the alleged misrepresentations would have caused Hancock to not enter into the Agreement with Abbott.
- 80. Such an assumption is inconsistent with the actions of the parties during the actual negotiations, during which information about the possible Program Compounds changed a number of times. During the course of the negotiations of the Agreement, Abbott and Hancock continually worked to restructure the deal as circumstances changed. For example, when Abbott ceased development of ABT-980 – which represented approximately 12% of the value of the deal at the time⁹³ – Hancock did not abandon the Agreement negotiations. Rather, Hancock and Abbott continued to work together to restructure the terms of the deal.
- 81. As Stephen Blewitt testified, "When 980, ABT-980, dropped out, we had to go through some pretty significant changes, and there were some very significant proposals to change the agreement and have different payment structures and different milestones and different – I even believe different royalties, and ultimately we came back to the same structure with a different pool of compounds but even with a different – but even with the same structure with a different pool of compounds, we had to modify royalties and milestones, et cetera."94
- 82. By the time the Agreement was finally signed, the parties renegotiated a variety of terms. Some of those changes are identified in an internal memo that Stephen Blewitt drafted for Hancock's files.⁹⁵ For example:
 - 1. The commitment amount was reduced.
 - 2. The number of Program Compounds was increased.
 - 3. The timing and amount of Program Payments was changed.
 - 4. The Program Term was changed.
 - 5. The amounts of the Milestone Payments were changed.

⁹³ This represents the expected value of future cash flows to Hancock, using the financial model Hancock used to value its potential investment in the portfolio of Program Compounds. Expert Report Of Avram S. Tucker Report Support Binder 2 Of 3 and Binder 3 Of 3.

⁹⁴ Blewitt deposition, 265:17 to 266:4.

⁹⁵ Blewitt Memo to File (JH 001103 to JH 001104), a true and correct copy of which is attached hereto as D's Exhibit 512; Blewitt deposition, 262:12 to 262:23.

- 6. The royalty rate applied to the first \$400 million of annual net sales was increased.
- 7. The date when royalty payments would conclude was extended.
- 83. It is also unreasonable to assume that the adverse information regarding ABT-518 would have caused Hancock to withdraw from negotiations. Analysis performed by Hancock in advance of the Agreement indicates that ABT-518 represented less than 1% of the expected value of future cash flows to Hancock.⁹⁶ Further, Hancock's own due diligence, including its retained scientist, Dr. Lynn Klotz, had identified ABT-518 as a high risk, low probability compound that was unlikely to succeed. 97
- 84. It is also unreasonable to assume that the adverse information regarding ABT-594 would have caused Hancock to withdraw from negotiations. Even though ABT-594 had greater potential value and a higher probability of success than ABT-518, it still represented less than 12% of the value that Hancock attributed to the Agreement. 98
- 85. Even if all three compounds were removed, based on the parties' negotiating history, it appears more likely that the parties would have substituted other compounds and/or changed financial or other terms as opposed to terminating the Agreement.
- 86. Hancock's expected rate of return from the Abbott investment was higher than the rate of return Hancock seeks to achieve for a transaction with a comparable level of risk. Wilma Davis and Stephen Blewitt testified that the 17.5% expected rate of return on the Abbott investment was higher than the U.S. treasury yield plus a spread corresponding to the risk level and duration of the investment, which further calls into question Hancock's assertion that it may not have entered into the Agreement if it had known the true development status of the Program Compounds. 99

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⁹⁶ Expert Report of Avram S. Tucker, dated January 19, 2007, Exhibits 2 and 2A; Expert Report Of Avram S. Tucker Exhibit Support Binder 3 Of 8.

⁹⁷ Lynn Klotz Email to Stephen Blewitt with attachment, dated June 20, 2000 (JH 003080-3088), a true and correct copy of which is attached hereto as D's Exhibit 550.

⁹⁸ Expert Report of Avram S. Tucker, dated January 19, 2007, Exhibits 3 and 3A; Expert Report Of Avram S. Tucker Exhibit Support Binder 4 Of 8.

⁹⁹ Davis deposition 52:14 to 68:17; Blewitt deposition 380:3 to 381:9; Hartz deposition 49:8 to 50:15.

VII. Hancock's Claim Related To The Second Program Payment

- 87. Section 3.4 of the Agreement states that if Abbott "does not reasonably demonstrate in its Annual Research Plan its intent and reasonable expectation to expend on Program Related Costs during the Program Term an amount in excess of the Aggregate Spending Target, John Hancock's obligation to make any remaining Program Payments for any succeeding Program Years pursuant to Section 3.1 shall terminate." ¹⁰⁰
- 88. Mr. Blewitt states in paragraph 124 of his affidavit, "Had Abbott informed me and others of its actual 'intended and reasonably expected' spending plans on Program Related Costs in its various ARPs as required under the terms of the Agreement, including in its ARP for 2002, I believe that John Hancock quite possibly would not have been required to make, and I believe Hancock quite possibly would not have made, its Second Program Payment in the amount of \$54,000,000 in January 2003." ¹⁰¹
- 89. In my opinion, Mr. Blewitt's statement is unsupported and contradicted by the facts in this case. From March 13, 2001 through December 31, 2001, Abbott spent approximately \$143.1 million on Program Related Costs. The 2002 Annual Research Plan reflects \$777.3 million in Program Related Costs for the remainder of the Program Term (2002 through 2004) on a nominal basis. Therefore, Abbott projected spending \$920.4 million in Program Related Costs during the Program Term, which is in excess of the \$614 million Aggregate Spending Target. The support of the Program Term, which is in excess of the \$614 million Aggregate Spending Target.
- 90. As discussed in more detail below, even if Abbott was required to report its intended and reasonably expected spending on Program Related Costs on a risk-adjusted basis, the documents indicate that at the end of 2001, Abbott's risk adjusted spending during the Program Term was \$731.2 million, which is in excess of the \$614 Aggregate Spending Target.

Blewitt affidavit, paragraph 124.

¹⁰⁰ Agreement, Section 3.4.

¹⁰² D's Exhibit FD (Abbott Laboratories' Amended Responses and Objections to Plaintiffs' Second Set of Interrogatories, dated August 3, 2007); Global Discovery Project Expense Reports (ABBT0578006-15), a true and correct copy of which is attached hereto as D's Exhibit 786.

¹⁰³ 2002 Preliminary Annual Research Plan (JH000787-000802), a true and correct copy of which is attached hereto as D's Exhibit 670.

¹⁰⁴ Agreement, Section 1.3.

Filed 02/18/2008

91. An internal Abbott document prepared around December 2001 identifies both expected and nominal spending amounts for each Program Compound for 2002. 105 I determined the ratio between the expected and nominal spending amounts for each Program Compound and applied this ratio to the nominal amounts reported in the 2002 Annual Research Plan. For example, for ABT-724, the ratio between expected spending and nominal spending is 80% (i.e., \$5.9 million in expected spending divided by \$7.4 million in nominal spending). I applied the 80% to \$45.1 million, the nominal spending amount for 2002 through 2004 that is reflected in the 2002 Annual Research Plan. This results in a risk-adjusted spending amount for ABT-724 from 2002 to 2004 of \$36.0 million (80%) times \$45.1 million). Using this same method for each of the Program Compounds, I estimate that the risk-adjusted spending for 2002 through 2004 would be \$588.1 million for all Program Compounds. Therefore, between March 13, 2001 and December 31, 2004, Abbott would have projected spending approximately \$731.2 million (which is the sum of \$143.1 million and \$588.1 million), in excess of the \$614 million Aggregate Spending Target. Attached hereto as D's Exhibit GZ is a true and correct copy of the supporting calculations related to the Second Program Payment (Schedules 7A, 7B, 7C and 7D).

¹⁰⁵ Chris Turner Email to Daniel Kang, et al. with attachments, dated February 8, 2002 (ABBT 0027417, ABBT 0027422), a true and correct copy of which is attached hereto as D's Exhibit FU.

Case 1:05-cv-11150-DPW Document 257

Filed 02/18/2008

Page 34 of 35

Signed under the pains and penalties of perjury this 18th day of February, 2008.

Avram S. Tucker

CERTIFICATE OF SERVICE

I hereby certify that this document(s) filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) and paper copies will be sent to those indicated as non registered participants on February 18, 2008.

On this 18th day of February, 2008.

/s/ Eric J. Lorenzini

1 ISSUER: Abbott Laboratories ("Non-Recourse")							
2 SECURITY	CUSIP		Coupon Description			Pub/Priv/144A	
DESCRIPTION:	00891MS	n/a				Private	
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				Agreement		<u> </u>	
3 CREDIT RATINGS:	Equity						
4 CURRENT	Original Par		Origin	al Par	Book Value:	MV over BV:	
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	to, among o	ther r	equiren	nents, Abbot	t co-funding at	t least two times	
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	(the "Aggree	gate :	Spendir	ig Target").	The deal w	as structured to	
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1					ability of losing	invested capital	
	equal to app	roxim	ately 1.	5% - 2.5%.			
	D	4 AL	hall a		impielu ¢170	million on the	
						million on the ely \$142 million.	
						Hancock funded	
						nillion in January	
						in management	
	fees and milestone payments from Abbott, resulting in a net funding to date of \$90 million.						
	In September 2003, after requesting that Abbott provide John						
						ch Plan for 2003,	
	Abbott did provide its final Plan and other materials which conclusively established that it was Abbott's intention as of late 2002						
	to spend approximately \$103 million in Program Related Costs on the						
	compounds in 2003. Abbott's Annual Research Plan materials for						
1	2003 further establish that it was Abbott's intention as of late 2002 to						
1	spend approximately \$97 million in Program Related Costs on the						
	compounds in 2004. Accordingly, Abbott's total planned expenditures for Program Related Costs over the four year Program						
	Term were approximately \$513 million, which is approximately \$100						
	million less than the agreed-upon Aggregate Spending Target of						
	\$614 million. Abbott's intention and expectation as of late 2002 to						
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Page 2 of 6

spend less than the Aggregate Spending Target on Program Related Costs over the Program Term automatically terminated John Hancock's obligation to make any remaining Program Payments pursuant to the express terms of the Funding Agreement.

Abbott notified John Hancock that it disputed the termination of John Hancock's obligation to make additional Program Payments. On December 12, 2003, John Hancock commenced a civil action in United States District Court in Boston, Massachusetts which seeks a judicial declaration confirming the termination of its payment obligations under the Funding Agreement. On January 23, 2004. Abbott filed a counterclaim seeking payment of John Hancock's 2003 Program Payment. Discovery was completed in 2004 and crossmotions for summary judgment were filed with the District Court in October 2004. The cross-motions were argued by legal counsel for the parties on February 16, 2005, and taken under advisement by the Court. On September 16, 2005, the District Court declared, adjudged and decreed that: "(John) Hancock's obligation to make Program Payments to Abbott for the third and fourth Program Years has terminated in accordance with the terms of the Agreement; (John) Hancock's withholding of the 2003 and 2004 Program Payments does not constitute a breach of the Research Funding Agreement; and The Research Funding Agreement otherwise is in full force and effect in accordance with its terms." On October 14, 2005, Abbott filed a Notice of Appeal of the District Court's decision to the First Circuit Court of Appeals. As part of the appellate process, the First Circuit requires the parties in every case to participate in its "Civil Appeals Management Program" ("CAMP"), which consists primarily of a mandatory pre-argument settlement conference. The settlement conferences are conducted in the federal courthouse in Boston by former Massachusetts Supreme Judicial Court Justice Neil Lynch. John Hancock's counsel has received notice from the First Circuit that the mandatory settlement conference in the Abbott appeal will take place on Wednesday, December 21, 2005. The prospects for an actual settlement as a result of the parties' participation in the CAMP process cannot be predicted at this time.

On June 3, 2005, John Hancock commenced a second civil action against Abbott in United States District Court in Boston, Massachusetts alleging fraud, breach of contract, and indemnification on account of various known or suspected violations of the Funding Agreement by Abbott. On July 29, 2005, Abbott answered John Hancock's complaint and filed a counterclaim seeking payment of John Hancock's Fourth Program Payment for 2004. Discovery in the second action has begun and will continue through August 25, 2006. The timing and outcome of that litigation cannot be predicted at present.

7 CURRENT STATUS & LIQUITY:

On November 16, 2004, Abbott presented its Annual Research Plan for 2005 and a report concerning the status of the Research Program to John Hancock. The report indicated that Abbott expected to spend an aggregate of \$84.2 million on the Research Program in FY 2004 bringing the four year aggregate spending to a total of \$486.3 million. As of November 29, 2005, Abbott has not presented John Hancock with its Annual Research Plan for 2006, which was due no later than November 17, 2005, or its report concerning the status of the Research Program, which is due no later than December 1, 2005. If Abbott has expended less than the Aggregate Spending Target of \$614 million on the Research Program during the four-year Program Term plus the subsequent year (which ends on December 31, 2005), then Abbott must pay John Hancock one-third of the difference between its actual spending and the Aggregate Spending Target on or before January 30, 2006.

Based upon information provided by Abbott and obtained from publicly available sources, the current status of the portfolio is:

ABT-627 (Endothelin) is currently in Phase III clinical trials for prostate cancer, Phase II clinical trials for early prostate cancer, and exploratory Phase II trials for non-prostate cancer. A second Phase III trial for advanced prostate cancer showed efficacy, but did not meet its required endpoint and was terminated in February 2003. On December 14, 2004, Abbott submitted a New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA). Abbott is seeking approval for men with metastatic, hormonerefractory prostate cancer and has been granted fast-track designation from the FDA. submitted its NDA based on a meta-analysis that examined pooled data from two large, randomized, well-controlled clinical trials with a total patient population of 1,097. The intent to treat analysis showed a delay in time to disease progression in men with metastatic, hormone-refractory prostate cancer who took the compound versus those who On February 11, 2005, Abbott took placebo. announced that FDA had agreed to file the NDA. This action by the FDA indicates the NDA is sufficiently complete to permit a substantive review of the data supporting the compound's safety and effectiveness. The Food and Drug Administration's Oncologic Drugs Advisory Committee ("ODAC") reviewed Abbott's NDA on September 13, 2005 and voted 13-0 against recommending approval to the Abbott has reported that it received a "nonapprovable" letter form the FDA for this compound in October 2005. Completion of the ongoing Phase III clinical trial for non-metastatic, hormone refractory prostate cancer is expected by during the first half of 2006. Abbott has indicated that it will continue to pursue approval at least until the company sees data next year from the ongoing Phase III clinical trial.

ABT-510 (TSP) was evaluated in four Phase II clinical trials for renal, lung, and breast cancer, lymphoma and sarcoma. Abbott has indicated that the results for the compound as a single agent do not show sufficient activity. The Company will likely move ahead with the compound in combination studies in additional Phase II studies for Sarcoma

and potentially renal cells.

ABT-751 (Antimitotic) was evaluated in four Phase II clinical trials and two Phase I clinical trials for the treatment of renal, colorectal, and lung cancers, as well as collaborative studies in pediatric cancers and adult leukemia. Abbott has indicated that it will start controlled Phase II clinical trials in non small cell lung cancers in combination with other drugs and that it will continue its pediatric trials.

ABT-773 (Ketolide) was ceased by Abbott in July 2002 in the U.S. ABT-773 was a Phase III compound with potential use as an anti-infective. In 2004, Abbott out-licensed ABT-773 to Advanced Life Advanced Life Sciences, a private company. Sciences has an exclusive license to develop, manufacture and commercialize ABT-773 for any human therapeutic uses. In July 2005, Advanced Life Sciences completed its initial public offering, raising approximately \$32 million. The primary use of proceeds from the initial public offering is to continue the clinical development of ABT-773 (called cethromycin) through two pivotal Phase III clinical trials for the treatment of mild-to-moderate community acquired pneumonia. If Advanced Life Sciences' pivotal Phase III clinical trials are successful, the company does not expect to receive FDA approval for commercialization until 2008 at the earliest.

ABT-492 (Quinolone) completed its Phase II clinical trials for the treatment of community acquired pneumonia. No new studies are currently being planned for this compound. Abbott claims to have tried to out-license this compound, but states that no prospective licensees are currently showing strong. interest in pursuing a transaction. In July 2005, Abbott indicated that Wakunaga Pharmaceutical Co., Ltd. ("Wakunaga"), the company which developed ABT-492, has requested that Abbott relinquish its rights to sublicense the compound and return all rights to Wakunaga. Abbott, in turn, has requested John Hancock's consent to the proposed transaction. John Hancock and Abbott are discussing the terms under which John Hancock would agree to the proposed transaction. John Hancock has requested, but not received, information concerning Abbott's independent efforts, if any, to out-license this compound.

ABT-724 (ED) completed its initial Phase I clinical trial for the treatment of erectile dysfunction. No new studies are currently being planned for this compound. Abbott claims to be actively pursuing the out-licensing of ABT-724. Abbott reports that it has

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been engaged in out-licensing discussions with two companies, but that the bids that it has received to to result in further date are not likely discussions/negotiations.

Abbott discontinued development of ABT-594 (Cholinergic Channel Modulator), a promising nonopioid analgesic, in 2001. John Hancock has requested, but not received, information concerning Abbott's efforts, if any, to out-license this compound.

Abbott discontinued development of ABT-518 (Metalloproteinase Inhibitor), a compound that might be useful in the treatment of cancer, in 2001. John Hancock has requested, but not received, information concerning Abbott's efforts, if any, to outlicense this compound.

Abbott discontinued development of ABT-100 (Farensyltransferase Protein Inhibitor), a compound that might be useful in the treatment of cancer, in John Hancock has requested, but not 2002. received, information concerning Abbott's efforts, if any, to out-license this compound.

8 VALUATION RATIONALE:

A 99-20 analysis was performed. The discounted value of cash flows, using a 16% discount rate, results in a value of approximately \$20 million as of December 31, 2005. Based on the status of the portfolio and presently available information, our model estimates an approximately 1% internal rate of return on our investment with a probability of losing all of our invested capital equal to approximately 20%. Our model assumes no out-licensing for ABT-492 or ABT-724, no probability for approval of ABT-773, no further Program Payments by John Hancock based on the September 16, 2005 decision of the United States District Court in Boston, Massachusetts, and no refund by Abbott of one-third of the difference between Abbott's actual expenditures on the Research Program and the Aggregate Spending Target notwithstanding the terms of the Funding Agreement.

The projected cash flows using our model are:

YEAR ¹	CASH FLOW
2005	\$ 0
2006	\$ 0
2007	\$ 0
2008	\$ 0
2009	\$ 0
2010	\$21.54
2011	\$ 4.01
2012	\$ 9.25
2013	\$15.27
2014	\$22.58
2015	\$24.58

All cash flows are assumed to occur at year-end.

Assumptions

	Proba	bility	Peak	Sales	Yr. Launched		
	Orig Cur		Orig	Cur	Orig	<u>Cur</u>	
<u>. </u>							
CCM	50%	-%_	\$700		2004		
Ketolide	70	_5	800	- <u>-</u>	2004	_	
Endothelian	70	40¹	700	400¹	2004	2010	
Antimitotic	40	40	500	250	2006	2010	
MMPI/FTI	20	-	400	-	2006	-	
Quinolone	30	0 ²	400	-	2005		
TSP	30	40 ³	400	250	2006	2010	
ED	10	04	400	-	2007		

¹ Probability lowered due to decision of ODAC committee to not recommend approval of compound to FDA and Peak Sales lowered due to potential commercial limitations due to potential toxicity

concerns
² Moved to Phase II, but due to uncertainty concerning potential outlicensing, reduce to 0%.

Moved to Phase II.

⁴ Last plan date was 2008, but due to potential out-licensing,

reduced probability to 0%.

5 Assumes that Advanced Life Sciences does not move compound forward in clinical trials.

9	RE\	/IEW	PRO	CESS:

Loan Review Date: 12/6/2005 Investment Review Committee Date:12/6/2005

10 ANALYST:

Stephen J. Blewitt Stephen J. Blewitt

TEAM LEADER:

CONFIDENTIAL JHII 012055

John Hancock Life Insurance Company, et al. v. Abbott Laboratories

Expert Report of Avram S. Tucker

Navigant Consulting, Inc. January 19, 2007

P#/Deft

Exhibit No.:

Witness: 700.

Maria A. Hasakian, CSR No. 8469

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Attachment A – Documents Considered

Attachment B - Resume of Avram S. Tucker

Attachment C - List of Deposition and Trial Testimony of Avram S. Tucker

I. Introduction

A. Scope of Engagement

Navigant Consulting, Inc. ("NCI") was engaged by counsel for Abbott
Laboratories ("Abbott") in connection with a lawsuit filed against Abbott by John
Hancock Life Insurance Company, John Hancock Variable Life Insurance Company and
Manulife Insurance Company, formerly known as Investors Partner Insurance
Company (collectively, "Hancock"). NCI has been asked to review and respond to
certain damages claims made by Hancock and related opinions and calculations
presented in the report of Hancock's expert Alan Friedman. NCI performed its analysis
under Avram Tucker's supervision. The purpose of this Report is to present Mr.
Tucker's findings and opinions on Hancock's economic damage theories and
calculation of alleged damages.

Mr. Tucker has not been asked to address the liability issues in this case. Mr. Tucker understands that Abbott believes it is not liable for any claims made by Hancock in this matter. If Abbott is not liable then there would be no damages. Therefore, Mr. Tucker's analysis is based on the assumption (without agreement) that Abbott is found liable on at least some of Hancock's claims.

In performing his work, Mr. Tucker considered documents produced by Hancock; documents produced by Abbott; pleadings and other related documents obtained in the course of performing his research and analysis; as well as documents considered by Mr. Friedman. A listing of the documents Mr. Tucker considered is included as Attachment A.

B. Qualifications of Avram Tucker

Mr. Tucker is a Managing Director and a member of the Executive Committee of NCI, a specialized independent consulting firm. NCI is an international company with approximately 40 offices and approximately 1,700 professionals experienced in accounting, economics, finance, engineering, information technology and other disciplines. Mr. Tucker joined NCI in 2004. From 1994 until 2004, Mr. Tucker was the Chief Executive Officer and a co-founder of Tucker Alan Inc., a business and litigation consulting company of approximately 250 professionals. From 1981 until 1994, Mr. Tucker worked for Peterson Consulting Limited Partnership (and its predecessor companies), an international business and litigation consulting firm of approximately 400 professionals. During the latter years at Peterson Consulting, Mr. Tucker was an Executive Vice President and, for a period of time, its Chief Operating Officer. From 1977 until 1981, Mr. Tucker worked at the international public accounting and consulting firm of Arthur Andersen & Co. where he performed financial statement and special purpose audits, as well as business consulting.

Mr. Tucker is a Certified Public Accountant and is experienced in accounting, economics, finance and operations of companies in a variety of industries. Mr. Tucker is a Consulting Professor at the Stanford University School of Engineering where he coteaches two graduate level courses covering accounting, finance and management of long-term contracts, as well as techniques for the analysis of the financial condition of businesses, including evaluation of damage claims. Mr. Tucker has also lectured and given seminars to corporations, at universities and at professional association conferences on the proper approach to calculating economic damages. In the course of his career, Mr. Tucker has prepared or analyzed hundreds of economic damage claims. Mr. Tucker's economic damages experience includes analysis of increased cost; lost profit; business and asset valuation; and reasonable royalty claims. Mr. Tucker has

prepared and analyzed disgorgement claims. Mr. Tucker has studied the business operations of, and market and economic conditions affecting, companies in a variety of industries. Mr. Tucker has consulted on antitrust; bankruptcy; breach of contract; professional negligence; business interruption; lender liability; misrepresentation; merger and acquisition; intellectual property; securities; environmental; fraud; insurance; and other disputes. Mr. Tucker has analyzed and provided expert testimony on disputes involving pharmaceutical products and the pharmaceutical industry, involving breach of contract, merger and acquisition, misrepresentation and licensing issues. Mr. Tucker has also analyzed and testified on other disputes involving mergers and acquisitions and joint development and license agreements. Mr. Tucker's resume, which includes a listing of his publications, is included as Attachment B to this Report.

Mr. Tucker has testified for plaintiffs and defendants on liability, causation and/or economic damages on cases in State and Federal courts, in the United States Court of Federal Claims, in State and Federal administrative proceedings, and in domestic and international arbitration cases. A list of Mr. Tucker's deposition and trial testimony in the last four years is included as Attachment C. Mr. Tucker's billing rate for work performed on this matter is \$650 per hour.

C. Background

Hancock and Abbott entered into a Research Funding Agreement dated as of March 13, 2001 ("the Agreement"). Under the Agreement, Hancock agreed to provide funding to Abbott for research and development activities on a portfolio of potential Program Compounds in exchange for the right to receive certain management fees and future royalty and milestone payments.

Hancock alleges that Abbott breached the Agreement by misrepresenting the development status of three Program Compounds (ABT-518, ABT-594 and ABT-773),

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misrepresenting its "intended and reasonably expected" expenditures on Program Related Costs, and by failing to use Commercially Reasonable Efforts to develop the Program Compounds, among other reasons.¹ Hancock also alleges that Abbott fraudulently induced Hancock to enter into the Agreement by misrepresenting certain information about the three compounds identified above.²

Hancock submitted its damages claim through the report of Mr. Friedman.

Hancock's expert Mr. Friedman has calculated alleged damages of: (1) \$193 to \$276 million in lost royalty and milestone payments and (2) \$21.8 million relating to claimed shortfalls in program expenditures. Mr. Friedman also opined that, if the Court ordered a rescission of the Agreement, Abbott would owe Hancock \$90 million.

D. Other Matters

The opinions and analysis presented in this Report are based on currently available information. Mr. Tucker's work is ongoing and he plans to analyze any new information (including from Mr. Friedman's deposition). If necessary, Mr. Tucker will modify this Report. In addition, Mr. Tucker anticipates that this Report will be supplemented by workpapers and may be supplemented by deposition testimony. If this matter proceeds to trial, selected pages of the documents and information relied upon may be used as exhibits. Also, Mr. Tucker may prepare graphical or illustrative exhibits based on the contents of this Report; the documents and information considered; and his analysis of the documents and information.

¹ First Amended Supplemental Complaint, paragraph 49

² First Amended Supplemental Complaint, paragraphs 42 to 44

II. Summary Of Findings And Opinions

A. Summary Of Mr. Friedman's Calculations

For purposes of calculating alleged damages, Mr. Friedman assumed that "Abbott has breached its obligations to John Hancock under the Agreement" and that "Abbott misrepresented or failed to disclose material information with respect to certain compounds that are the subject of the Agreement for the purpose of inducing John Hancock to enter into the Agreement and to make various payments to Abbott in accordance with the terms stated therein."

Hancock's expert Mr. Friedman has calculated alleged damages of: (1) \$193 to \$276 million in lost royalty and milestone payments and (2) \$21.8 million relating to claimed shortfalls in program expenditures. Mr. Friedman also opined that, if the Court ordered a rescission of the Agreement, Abbott would owe Hancock \$90 million.

Mr. Friedman's calculation of lost royalty and milestone payments is based on the assumption that the non-viable compounds at issue in this case "were actually viable compounds as represented by Abbott at the time of the Agreement." In addition to assuming that the non-viable compounds would have been viable, Mr. Friedman calculated the lost royalty and milestone payments based on the assumption that the parties' projections as to the expected sales, likelihood of success and other factors would have occurred as projected.

Mr. Friedman's calculation of damages associated with the claimed shortfall in Abbott's program spending was based on an assumption of the expenditures Abbott was required to make pursuant to the Agreement.

³ Friedman report, paragraph 4

⁴ Friedman report, paragraph 11

Mr. Friedman did not opine on the reasonableness of assuming Hancock would not have entered into the Agreement, but calculated that Abbott would owe Hancock \$90 million based on a return of invested money less management fees and milestone payments paid to date if a rescission was ordered.

B. Overall Evaluation Of Mr. Friedman's Damage Calculations

Mr. Friedman's damage claims suffer from numerous methodological and calculation errors. His claims are based on insufficient analysis, improper economic damage methods, unreasonable assumptions and improper speculation. As described below, and more fully in Section III of this Report, Mr. Friedman failed to properly analyze the economic impact to Hancock based on the difference between what actually has (or is reasonably expected to occur) and what would have occurred assuming different conduct by Abbott as alleged by Hancock. Mr. Friedman did not analyze or determine with reasonable certainty what would have occurred if Abbott had performed as Hancock claims Abbott should have and had made the disclosures that Hancock claims that Abbott should have made.

Mr. Friedman has improperly used expected values to determine claimed damages in this matter. Mr. Friedman bases his lost royalties on the "expected sales" of ABT-518, ABT-594 and ABT-773 based on estimated probabilities of FDA approval (e.g., 12.5% for ABT-518 in Mr. Friedman's Base Case analysis). Mr. Friedman's approach improperly assumes that he can predict with reasonable certainty, the likely timing and amount of commercial success of one or two or three "chances" to turn a developmental drug compound into a commercial product. This is equivalent to claiming damages for a start-up business based on initial projections even though the business has a high chance of failure. For example, the expected probability of FDA approval was 12.5% for

⁵ Friedman Exhibit 5.1

ABT-518 in Mr. Friedman's Base Case analysis.⁶ This equates to an expected probability of failure of 87.5%. Mr. Friedman nevertheless claims damages, despite the high likelihood of failure and the resultant uncertainty of any impact to Hancock of the alleged misrepresentations.

Mr. Friedman's damage calculations are based on numerous unreasonable assumptions, including that non-viable compounds would have been viable and that damages can be based on the parties' original projections despite evidence that actual results declined materially from the original projections on compounds which were part of the deal, but not at issue in the case. For example, (1) development of four of the six compounds in the deal, but not at issue have been discontinued for reasons unrelated to the alleged improper conduct, (2) updated projections showed lower expected sales than original projections, and (3) development of the compounds was delayed from the original projections, thereby reducing Hancock's royalty period.

Mr. Friedman's calculations contain other errors, including, using an improperly low discount rate to compute the present value of future royalty and milestone payments and not properly considering offsets for additional expenditures Hancock would have incurred if there had been no alleged breach of the Agreement. Mr. Friedman's analysis does not disaggregate alleged damages relating to the three separate compounds alleged to have been misrepresented. Mr. Friedman's damage calculations do not produce reasonable results and a damages award based on his calculations would result in a windfall to Hancock. As a result of the flaws summarized above, Mr. Friedman's damage calculations do not provide a reliable measure of damages in this case even under the assumption of liability.

⁶ Ibid.

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For purposes of illustration, and ignoring for discussion purposes other methodological and calculation errors in Mr. Friedman's analysis, Mr. Tucker has made selected adjustments to illustrate the significance of (1) Mr. Friedman's failure to consider that actual results declined materially from the original projections on compounds in the deal, but not at issue in the case and (2) the improper use of a risk free discount rate. By addressing only these flaws in Mr. Friedman's analysis, and ignoring for discussion purposes (without agreement) Mr. Friedman's other methodological and calculation errors, alleged lost royalty and milestone payments for ABT-518, ABT-594 and ABT-773 would be reduced to approximately \$6 to \$8 million in the Low Case and \$28 to \$41 million in the Base Case (See Exhibit 1).

Mr. Friedman's report also does not reflect any analysis of the circumstances that Plaintiff alleges would have occurred in the absence of the alleged misconduct. Hancock's First Amended Supplemental Complaint alleges that "Had John Hancock known the true development status of ABT-518 before the Agreement was executed, John Hancock would have demanded different terms, such as the substitution of another compound with a comparable projected value or more favorable financial terms with respect to the remaining Program Compounds, or may have not entered into the Agreement at all."7 Hancock's First Amended Supplemental Complaint makes the same allegations with regard to Program Compounds ABT-594 and ABT-773.

Mr. Friedman's report, however, does not reflect any analysis of different terms that John Hancock would have demanded nor does it reflect any analysis of substitution of another compound nor does it reflect any analysis of more favorable financial terms with respect to the remaining Program Compounds. While Mr. Friedman does calculate a rescission amount, his report reflects no analysis of whether

⁷ First Amended Supplemental Complaint, paragraph 26

it is reasonable to assume that Hancock would not have entered into the Agreement but for Abbott's alleged misconduct.

III. Evaluation Of Mr. Friedman's Damage Calculations

A. Appropriate Approach To Measuring Economic Damages

Economic damages are generally measured by the difference between the economic results actually experienced by the plaintiff and the economic results that would have been experienced by the plaintiff but for the alleged misconduct.

A proper economic damages claim must establish both the fact of damages and the amount of damages. The claimed damages must result from the liability issues and not other factors. The amount of damages must be established with reasonable certainty and may not be based on speculation.

As described below, Mr. Friedman failed to properly measure any economic damages that may have resulted from the alleged misconduct.

B. Flaws In Claim For Lost Royalty And Milestone Payments

 Mr. Friedman's assumption in the "but-for world" that the compounds at issue would have been viable is unreasonable and illogical.

Mr. Friedman's calculation of lost royalty and milestone payments is based on the assumption that the non-viable compounds at issue in this case "were actually viable compounds as represented by Abbott at the time of the Agreement."8 Mr. Friedman's but-for scenario is equivalent to assuming a more complete disclosure by Abbott of allegedly adverse information would have somehow improved the likelihood of success for ABT-518, ABT-594 and ABT-773. There is no basis (or discussion by Mr. Friedman) for assuming that more complete disclosure would have turned non-viable

⁸ Friedman report, paragraph 11

Program Compounds into viable Program Compounds. Mr. Friedman's assumption is illogical and cannot form the basis for a reliable measure of damages.

> 2. Mr. Friedman's "but-for" assumption is inconsistent with what the Plaintiff claimed would have happened absent the alleged misrepresentations.

Hancock's First Amended Supplemental Complaint alleges that "Had John Hancock known the true development status of ABT-518 before the Agreement was executed, John Hancock would have demanded different terms, such as the substitution of another compound with a comparable projected value or more favorable financial terms with respect to the remaining Program Compounds, or may have not entered into the Agreement at all."9 Hancock's First Amended Supplemental Complaint makes the same allegations with regard to Program Compounds ABT-594 and ABT-773.

Hancock's First Amended Supplemental Complaint does not discuss or contend any basis for the assumption that absent the alleged misrepresentations, compounds ABT-518, ABT-594 and ABT-773 would have become "viable" and able to achieve the expected probability of success and the projected sales and royalties.

3. Mr. Friedman's economic damage approach is improper.

Mr. Friedman generally compared the value of the three compounds at issue based on the original projections to zero (what actually occurred). He did not measure the economics of the actual agreement with the economics of the agreement that would have resulted without the alleged misrepresentations.

⁹ First Amended Supplemental Complaint, paragraph 26

4. Mr. Friedman's assumption that the compounds at issue would have achieved the projected sales and expected success rate is improper.

Economic damages are generally measured by the difference between the economic results actually experienced by the plaintiff and the economic results that would have been experienced by the plaintiff but for the alleged misconduct.

Mr. Friedman's use of Abbott's 2001 projections for ABT-518, ABT-594 and ABT-773 without assessing what reasonably would have happened but for the alleged misrepresentations is improper. His use of Abbott's 2001 projections to determine what would have happened but for the alleged misconduct is equivalent to claiming that the initial projections were guaranteed by Abbott. The Agreement specifically states that "[Abbott's] projections do not constitute any warranty as to the future performance of the Program Compounds and that actual results may vary from such projections."10 Mr. Friedman's assumption that ABT-518, ABT-594 and ABT-773 would have performed as well as expected in the 2001 projections has no basis. The reasonableness of his assumption is undermined by the actual results as contrasted to the projected results of the compounds in the deal, but not at issue. The actual results (and currently expected future results) for the compounds in the deal, but not at issue fell far short of initial expectations, due to cancellation of certain compounds, lower probabilities of success and delays in the compounds' launch year.

To date, four of the six remaining compounds, about which Hancock has not alleged misrepresentation, have been cancelled because their prospects of success have been deemed too low to continue development. Even compounds that Hancock initially expected to do well, like ABT-627, have been cancelled, as shown in the table below.

¹⁰ Agreement, paragraph 12.2d

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Table I – Cancelled Compounds 11							
		Original Probability	Original Probability				
]	Program Compound	Of Success	Of Failure				
ABT-100	FTI	10%	90%				
ABT-492	Quinolone	30%	70%				
ABT-627	Endothelin	70%	30%				
ABT-724	Erectile Dysfunction	10%	90%				

The probability of success for the two remaining active compounds has also changed over time, as shown in the table below.

	Table II – Chan	ge In Probability Of Success			
		Original Probability	Current Probability		
Program Compound		Of Success 12	Of Success 13		
ABT-510	TSP	30%			
ABT-751 Antimitotic		40%	8% to 41%		

Even before ABT-627 was cancelled, its probability of success had significantly declined over time. Its original probability of success was 70%; however more current estimates before it was cancelled indicated that it was recently between 8% and 35%.14

¹¹ ЈНП012055

¹² JHII012055

¹³ Friedman Exhibit 5.1

¹⁴ JHII012055 and Friedman Exhibit 5.1

Based on the original projections, as the probability of success decreases, expected sales and royalties also decrease.

The expected launch years for the Program Compounds that are still active --ABT-510 and ABT-751 -- have also been postponed, as shown in the table below.

Table III – Delay In Launch Years								
Delay								
		Original	Current	Launch				
Program Compound		Launch Year 15	Launch Year 15 Launch Year 16					
ABT-510	TSP	2006	2012	6				
ABT-751	Antimitotic	2006	2009	3				

Even before ABT-627 was cancelled, its launch date had been postponed by two years for some forms of the compound and by seven years for other forms.¹⁷ Due to the terms of the Agreement, a delay in the launch date reduces Hancock's expected royalties because Hancock will receive royalties for a shorter period of time. Because Abbott's obligation to make royalty payments to Hancock ceases on December 31, 2015, there is a shorter time frame available for Hancock to earn royalties. Delays in the launch dates also reduce the "present value" of royalties because of the time value of money and the increased business risks associated with delaying market entry.

¹⁵ ЈНШ012055

¹⁶ Friedman Exhibits 3.5 and 4.5

¹⁷ JHII012055 and Friedman Exhibits 3.5 and 4.5

Despite this evidence that four of the other six Program Compounds (in the deal but not in dispute) have been cancelled, that the other two Program Compounds are now expected to perform considerably worse than initially expected and that development of the compounds was delayed, thereby reducing the royalty period, Mr. Friedman unreasonably assumes that ABT-518, ABT-594 and ABT-773 would have performed as initially expected.

> 5. Mr. Friedman relies on an unreasonably low, risk free discount rate to present value claimed future royalties and milestone payments.

Mr. Friedman calculates the present value of his damages using a 4.87% discount rate, which was the 1 year treasury rate as of October 4, 2006. Mr. Friedman only applies the 4.87% discount rate to projected cash flows (royalties) for periods 2007 and later. Discount rates are used to present value cash flows to account for the time value of money and the risk of not earning projected future cash flows. Mr. Friedman's 4.87% discount rate is improperly low because it is a risk free rate that ignores the risk that projections and expectations will not be achieved. In essence, Mr. Friedman's position is that the achievability of the projected royalty stream has a risk equal to a government guaranteed treasury bond.

The 4.87% discount rate is inconsistent with other discount rates that Hancock used to evaluate the risk associated with Hancock's expected royalty and milestone payments. Hancock produced in discovery the financial model that it used to calculate the expected cash flows from the Agreement. The model indicates that Hancock discounted its expected cash flows by 10%. Other Hancock documents indicate that Hancock used discount rates ranging between 13% and 16% when discounting the

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expected cash flows from the Agreement.18 Further, documents and testimony indicate that Hancock's rate of return required for this investment was 17.5%.19

The 4.87% discount rate is also inconsistent with the 12,5% discount rate that Abbott used to evaluate the risk associated with the Program Compounds as well as Abbott's weighted average cost of capital, which is approximately 8% to 10%.20

By using an improperly low discount rate, Mr. Friedman has overstated the amount of calculated damages.

> 6. Mr. Friedman ignores the risks associated with earning historical cash flows.

Mr. Friedman's analysis only discounts cash flows in periods 2007 and later. Mr. Friedman has not applied any discount rate to his projections of expected cash flows from 2001 through 2006. By failing to discount cash flows in the 2001 to 2006 time periods, Mr. Friedman is implicitly assuming the forecasts for those periods can be achieved with no business risks. This assumption is improper. Even if one were to adjust the sales and royalties forecasted for the 2001 through 2006 period to account for the historical development results of other compounds in this period, other business risks exist that would require discounting consideration for past periods. Since none of the Program Compounds were successfully introduced in the 2001 to 2006 time period, there is no historical information about market successes or challenges to incorporate into an adjusted forecast that would eliminate the need for some risk-adjusted discounting in past periods.

¹⁸ JH002419 to JH002420 and JHII012050 to JHII012055

¹⁹ JH00185 to JH001202 and Blewitt deposition, 97:8 to 98:17

²⁰ ABBT0003252 to ABBT0003254 and ABBT0003192 to ABBT0003194

7. Mr. Friedman did not properly consider offsets to claimed damages to reflect additional program payments that Hancock would have been required to make to achieve the claimed royalties and milestone payments.

Mr. Friedman acknowledges in his Report that if the Program Compounds were "actually viable compounds as represented by Abbott at the time of the Agreement, then the 2003 and 2004 Annual Research Plans may also have forecast Program Term spending in excess of the \$614 million Aggregate Spending Target." Such a scenario would have required Hancock to make additional payments totaling \$110 million. Mr. Friedman fails to offset from claimed damages the additional \$110 million in Program Payments that would have been required by Hancock.

8. Mr. Friedman's analysis improperly relies on expected values to assess claimed damages.

Mr. Friedman has improperly used expected values to determine claimed damages in this matter. Mr. Friedman bases his lost royalties on the "expected sales" of ABT-518, ABT-594 and ABT-773 calculated by multiplying the "nominal" (or possible) sales of each compound by its probability of FDA approval (e.g., 12.5% for ABT-518 in Mr. Friedman's Base Case analysis).²² Mr. Friedman's approach improperly assumes that he can predict with reasonable certainty, the likely timing and amount of commercial success of one or two or three "chances" to turn a developmental drug compound into a commercial product. This is equivalent to claiming damages for a start-up business based on initial projections even though the business has a high chance of failure. For example, the expected probability of FDA approval was 12.5% for ABT-518 in Mr. Friedman's Base Case analysis.²³ This equates to an expected probability of failure of 87.5%. Similarly, according to Mr. Friedman, the initial

NAVIGANT CONSULTING, INC.

²¹ Friedman report, paragraph 11

²² Friedman Exhibit 5.1

²³ Ibid.

probability of success for ABT-594 was 31.5%, which is equivalent to a 68.5% probability of failure.²⁴ Mr. Friedman nevertheless claims damages, despite the high likelihood of failure and the resultant uncertainty of any impact to Hancock of the alleged misrepresentations.

Even though the probability of success may have been higher for ABT-773, there is still no assurance that ABT-773 would have performed as expected. For example, ABT-980 and ABT-627 (compounds not at issue in this case), which had 65% and 70% probabilities of success, respectively, were both cancelled at some point because their prospects of success were deemed to be too low to continue development.²⁵

9. To the extent Mr. Friedman is attempting to determine the impact of the alleged misrepresentations on the original projections, Mr. Friedman's analysis improperly assumes that that the adverse information allegedly not disclosed by Abbott would have reduced the projections to zero at the time the Agreement was executed.

To the extent Mr. Friedman is instead attempting to base his claim on an alleged promise of Abbott (assuming the projection was a promise – which it was not), the proper measure would not be the difference between the projection and what actually occurred as calculated by Mr. Friedman. Instead, the starting point of the analyses would be the difference between the projected amount and the amount that would have been projected without the alleged misrepresentation, adjusted to reflect the fact that actual results declined materially from the original projections on compounds in the deal, but not at issue in the case.

Mr. Friedman has apparently not studied whether the assumption is reasonable that the adverse information allegedly not disclosed would have reduced the projected

²⁴ Ibid.

²⁵ JH001197

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Abbott contends that any undisclosed information in its possession at the time the Agreement was executed, even if it had been material (which Mr. Tucker understands Abbott disputes), might have reduced one's estimate of the likelihood of success of ABT-518, ABT-594 or ABT-773, but not caused one to conclude that success could not be achieved. If so, Mr. Friedman's calculation does not properly reflect a comparison of what actually occurred (or is expected to occur) and what would have occurred without the alleged misrepresentations.

10. Mr. Friedman's calculations are unreasonable because they would create an economic windfall for the Plaintiffs.

Based on Mr. Friedman's calculations, Hancock would have earned \$193 million to \$276 million in royalty and milestone payments for ABT-518, ABT-594 and ABT-773, but for Abbott's alleged misconduct. These amounts can be seen to be unreasonable because they bear no reasonable relationship to the expectations Hancock had for ABT-518, ABT-594 and ABT-773 at the outset of the deal in March 2001. Since the currently expected outcomes for the six compounds in the deal, but not at issue in this case are substantially lower than Hancock's initial expectations, any value attributed to ABT-518, ABT-594 and ABT-773 beyond Hancock's initial expectations must be deemed highly unreasonable.

Hancock determined in March 2001 that the royalty payments, milestone payments and management fees it expected to earn would generate an annualized rate of return of approximately 17.5% on its \$214 investment. The value it attributed to inclusion of ABT-518 in the portfolio was less than \$1 million (See Exhibit 2). The value it attributed to ABT-594 was approximately \$20 million (See Exhibit 3), and the value it attributed to ABT-773 was approximately \$30 million (See Exhibit 4). Collectively, the

value Hancock attributed to inclusion of ABT-518, ABT-594 and ABT-773 in the portfolio was approximately \$52 million (See Exhibit 5).

11. Mr. Friedman has not separately identified the damages attributable to each Program Compound.

Even assuming (without agreement) that Mr. Friedman's calculation of \$193 to \$276 million in lost royalty and milestone payments is appropriate in this case, such amounts represent the alleged damages related to ABT-518, ABT-594 and ABT-773 combined. If the Court finds that there is liability on some but not all of the Program Compounds, one could not use Mr. Friedman's exhibits to identify the damages attributable to any particular compound because they do not allow one to separate out the damages by compound.

C. Inconsistency With Plaintiff's First Amended Supplemental Complaint

Hancock's First Amended Supplemental Complaint alleges that "Had John Hancock known the true development status of ABT-518 before the Agreement was . executed, John Hancock would have demanded different terms, such as the substitution of another compound with a comparable projected value or more favorable financial terms with respect to the remaining Program Compounds, or may have not entered into the Agreement at all."26 Hancock's First Amended Supplemental Complaint makes the same allegations with regard to Program Compounds ABT-594 and ABT-773.

Mr. Friedman's report, however, does not reflect any analysis of the circumstances that Plaintiff alleges (above) would have occurred in the absence of the alleged misconduct.

Mr. Friedman's report does not reflect any analysis of different terms that John Hancock would have demanded nor does it reflect any analysis of substitution of

²⁶ First Amended Supplemental Complaint, paragraph 26

another compound nor does it reflect any analysis of more favorable financial terms with respect to the remaining Program Compounds.

There is no discussion or quantification in Mr. Friedman's report of any differing required royalty amount, any differing milestone or management fee amount or any other change in the terms and conditions of the Agreement.

There is no identification in Mr. Friedman's report of any potential substitute products. There is no discussion of the reasonableness or availability of any potential substitute products. There is no discussion, analysis or quantification of the projections and expected success rate of any potential substitute product, nor of the likelihood that the actual circumstances of a substitute product would mirror its projected and expected success rate.

For example, Mr. Friedman's report has not addressed:

- What specific compounds would ABT-518, ABT-594 and ABT-773 have been replaced with?
- 2. Would those substitute compounds actually be available at the time Hancock and Abbott entered into the Agreement?
- 3. How many compounds would have been substituted?
- 4. What stage of development would those substitute compounds be in?
- 5. What would be the probability of success for those substitute compounds?
- 6. What would be the expected launch date for those substitute compounds?
- 7. What would be the estimated peak sales for those substitute compounds?

Even if Mr. Friedman could demonstrate that ABT-518, ABT-594 and ABT-773 would have been replaced with substitute compounds (which he didn't even suggest), it is highly speculative to assume that the actual royalties generated by those substitute compounds would equal their statistically "expected royalties," or even that they would

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have received FDA approval and generated any royalties at all, since, as discussed more fully above, none of the other compounds have performed as expected.

Had Mr. Friedman analyzed these possibilities that Hancock claims it might have demanded, he would have discovered that each approach, including combinations of approaches, would generate a different impact on the financial outcome of the Agreement for Hancock, including some which would have had no impact in the final outcome.

For illustration purposes, Mr. Tucker has calculated the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001. Under this hypothetical renegotiation, Hancock could have demanded an increase in the royalty rate for the first \$400 million in annual net sales. In order to maintain the same internal rate of return that Hancock initially calculated, Hancock might have demanded a 15% royalty rate rather than an 8.5% royalty rate. If Hancock would have earned royalties at 15% rather 8.5%, current projections of expected future sales for the six compounds in the deal, but not at issue would generate an increase in expected royalties of \$2 to \$3 million in the Low Case and \$12 to \$20 million in the Base Case over and above expected royalties based on the agreed upon rates (See Exhibit 6). Because Mr. Friedman did not even analyze these possibilities and therefore knows neither the financial impact to Hancock, if any, nor the likelihood of Hancock and Abbott agreeing to any of these approaches, his calculation of lost royalty and milestone payments does not provide a reliable measure of economic damages.

D. Flaws In Claim For Shortfall In Spending On Program Related Costs

Mr. Friedman's damage calculation of \$21.8 million is based on Hancock's claim that it is entitled to one-third of the amount by which Abbott's aggregate spending on Program Related Costs fell short of \$614 million. The Agreement between Hancock and Abbott included an Aggregate Spending Target of \$614 million and contemplation that Abbott would contribute funds in a two-to-one ratio to Hancock²⁷ (\$400 million by Abbott and \$214 million by Hancock).

Abbott actually invested approximately \$445 million and Hancock invested \$104 million (the originally contemplated \$214 million less the \$110 million that the Court ruled Hancock was not responsible to pay). The total investment therefore was \$549 million. Mr. Friedman now claims on behalf of Hancock that because the \$549 million of investment is \$65 million less than the \$614 million total Aggregate Spending Target in the Agreement, Hancock is now entitled to one-third of that difference based on the terms of the Agreement.

However, Abbott actually incurred more than the \$400 million minimum that was contemplated under the Agreement. Abbott's investment of \$445 million was more than four times Hancock's actual investment of \$104 million and was more than two times Hancock's contemplated investment of \$214 million. An additional \$21.8 million payment to Hancock would result in an investment by Hancock of \$82.2 million (\$104 million minus \$21.8 million) and would result in an Abbott investment of more than five times Hancock's investment (\$445 million versus \$82.2 million).

²⁷ Memorandum and Order, dated September 16, 2005

²⁸ Abbott Laboratories' Responses and Objections to Plaintiffs' Second Set of Interrogatories, dated June 30, 2006 and ABBT372289

E. Flaws In Damages Claim Related To Rescission Of The Agreement

Mr. Friedman's report states that he "determined that in the event that a rescission of the Agreement is ordered, Abbott would owe to John Hancock \$90 million, which reflects a return of invested money less management fees and royalties paid to date...."29

The discussion cited above from Mr. Friedman's report is the extent of his discussion of rescission of the Agreement. Mr. Friedman apparently did not study the likelihood or the reasonableness of an assumption that the alleged misrepresentations would have caused Hancock to not enter into the Agreement with Abbott.

Such an assumption is inconsistent with the actions of the parties during the actual negotiations, during which information about the possible Program Compounds changed a number of times. During the course of the negotiations of the Agreement, Abbott and Hancock continually worked to restructure the deal as circumstances changed. For example, when Abbott ceased development of ABT-980 – which represented approximately 12% of the value of the deal at the time – Hancock did not abandon the Agreement negotiations.30 Rather, Hancock and Abbott continued to work together to restructure the terms of the deal.

As Stephen Blewitt testified, "When 980, ABT-980, dropped out, we had to go through some pretty significant changes, and there were some very significant proposals to change the agreement and have different payment structures and different milestones and different - I even believe different royalties, and ultimately we came back to the same structure with a different pool of compounds but even with a different

²⁹ Friedman report, paragraph 12. Although not discussed in Mr. Friedman's report, a claim for rescission would be mutually exclusive from a claim for lost royalty and milestone payments.

³⁰ JH001185 to JH001202 and Hancock electronic financial model

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- but even with the same structure with a different pool of compounds, we had to modify royalties and milestones, et cetera."31

By the time the Agreement was finally signed, the parties renegotiated a variety of terms. Some of those changes are identified in an internal memo that Stephen Blewitt drafted for Hancock's files.32 For example:

- The commitment amount was reduced.
- 2. The number of Program Compounds was increased.
- The timing and amount of Program Payments was changed.
- The Program Term was changed.
- 5. The amounts of the Milestone Payments were changed.
- 6. The royalty rate applied to the first \$400 million of annual net sales was increased.
- 7. The date when royalty payments would conclude was extended.

It is also unreasonable to assume that the adverse information regarding ABT-518 would have caused Hancock to withdraw from negotiations. Analysis performed by Hancock in advance of the Agreement indicates that ABT-518 represented less than 1% of the expected value of future cash flows to Hancock (See Exhibit 2). Abbott also identified ABT-518 as a high risk, low probability compound to Hancock in advance of the Agreement. Further, Hancock's own due diligence, including its retained scientist, Dr. Klotz, had identified ABT-518 as unlikely to succeed.

It is also unreasonable to assume that the adverse information regarding ABT-594 would have caused Hancock to withdraw from negotiations. Even though ABT-594 had greater potential value and a higher probability of success than ABT-518, it still

³¹ Blewitt deposition, 265: 17 to 266:4

³² JH 001103 to JH 001104; Blewitt deposition, 262:12 to 262:23

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represented less than 12% of the value that Hancock attributed to the Agreement (See Exhibit 3).

Even if all three compounds were removed, it appears more likely that the parties would have substituted other compounds and/or changed financial or other terms as opposed to terminating the Agreement.

F. Conclusion On Adequacy Of Mr. Friedman's Claimed Damages

Mr. Friedman's analysis of lost royalty and milestone payments is insufficient and unreliable for purposes of proving economic damages because it does not provide a reasonable estimate of damages with any reasonable certainty. For purposes of illustration, and ignoring for discussion purposes other methodological and calculation errors in Mr. Friedman's analysis, Mr. Tucker has made selected adjustments to illustrate the significance of (1) Mr. Friedman's failure to consider that actual results declined materially from the original projections on compounds in the deal, but not at issue in the case and (2) the improper use of a risk free discount rate. By addressing only these flaws in Mr. Friedman's analysis, and ignoring for discussion purposes (without agreement) Mr. Friedman's other methodological and calculation errors, alleged lost royalty and milestone payments for ABT-518, ABT-594 and ABT-773 would be reduced to \$6 to \$8 million in the Low Case and \$28 to \$41 million in the Base Case (See Exhibit 1).

Abbott Laboratories' Motion for Summary Judgment and Request for Oral Argument, dated 9/29/2004. Affidavit of Stephen J. Blewitt, dated 9/29/2004.

Abbott Laboratories' Statement of Facts Pursuant to Local Rule 56.1 in Support of its Motion for Summary Judgment, dated 9/29/2004

Abbott Laboratories' Memorandum in Support of its Motion for Summary Judgment, dated 9/29/2004.

Plaintiffs' Memorandum of Law in Support of their Motion for Summary Judgment, dated 9/29/2004.

Plaintiffs' Motion for Summary Judgment, dated 9/29/2004.

Statement of Undisputed Facts in Support of Plaintiffs' Motion for Summary Judgment, dated 9/29/2004.

Affidavit of Philip M. Deemer, dated 10/12/2004.

Abboit Laboratories' Memorandum in Opposition to Plaintiffs' Motion for Summary Judgment, dated 10/13/2004.

Abboit Laboratories' Response to Hancock's Statement Pursuant to Local Rule 56.1, dated 10/13/2004.

Plaintiffs' Counterstatement of Facts in Response to Defendant Abbott Laboratories' Motion for Summary Judgment, dated 10/13/2004

Plaintiffs' Memorandum of Law in Opposition to Defendant's Motion for Summary Judgment, dated 10/13/2004.

Affidavit of Philip M. Deemer, dated 10/16/2004.

Affidavia of Brian A. Davis, Esq. in Support of Plaintiffs' Motion for Summary Judgment, dated 11/18/2004.

Abbott Laboratories' Response to Affidavit of Brian Davis, dated I 1/24/2004.

Complaint, dated 6/3/2005.

Final Judgment and Declaration, dated 9/16/2005.

Memorandum and Order, dated 9/16/2005.

Declaration of Kenneth D. Stiles, dated 9/19/2005.

Plaintiffs' First Set of Interrogatories to Defendant Abbott Laboratories, dated 10/26/2005.

Abbott Laboratories' Responses and Objections to Plaintiffs' First Set of Interrogatories, dated 12/31/2005 Defendant Abbott Laboratories' First Set of Interrogatories, dated 11/5/2005.

John Hancock's Objections and Responses to Abbott Laboratories' First Set of Interrogatories, dated 2/6/2006

Bricf of Defendant-Appellant Abbott Laboratories, dated 2/13/2006.

Brief of Plaintiffs-Appellees John Hancock Life Insurance Company, et al., dated 4/3/2006.

Reply Brief of Defendant-Appellant Abbott Laboratories, dated 5/1/2006.

Plaintiff John Hancock Life Insurance Company's Supplemental Responses to Defendant Abbott Laboratories' Interrogatory

Nos. 5(c) (d), 6(c) (d) and 10, dated 5/10/2006.

Pleadings

Defendant Abbott Laboratories' Second Set of Interrogatories, dated 5/19/2006.

Plaintiffs' Second Set of Interrogatories to Defendant Abbott Laboratories, dated 5/25/2006.

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Supplemental Complaint, dated 6/23/2006.

Plaintiff John Hancock's Responses and Objections to Defendant Abbott Laboratories' Second Set of Interrogatories, dated 6/23/2006.

Abbott Laboratories' Responses and Objections to Plaintiffs' Second Set of Interrogatories, dated 6/30/2006.

Abbott Laboratories' Memorandum of Law in Support of its Motion to Dismiss, dated 7/17/2006.

Affidavit of Joseph H. Zwicker, Esq., dated 9/8/2006.

Affidavit of Stephen J. Blewitt, dated 9/8/2006.

Plaintiffs' Memorandum in Opposition to Defendant Abbott Laboratories' Motion to Dismiss and in Support of John Hancock's Cross-Motion for Partial Summary Judgment on Count II of Supplemental Complaint, dated 9/8/2006.

Expert Report of Alan Friedman, dated 10/13/2006.

First Amended Supplemental Complaint, dated 12/29/2006.

Depositions

Deposition of Stephen J. Blewitt, dated November 17, 2006.

Deposition of Marilyn J. Collicott, dated September 27, 2006.

Deposition of Scott S. Hartz, dated August 19, 2004.

Deposition of Scott S. Hartz, dated November 10, 2006.

Deposition of Ellen Klaus, dated July 14, 2006.

Deposition of Lynn Klotz, dated November 16, 2006.

Deposition of John L. Mastromarino, dated October 20, 2006. Deposition of Elizabeth Kowaluk, dated October 10, 2006.

Deposition of Bruce Gerald McCarthy, dated September 29, 2006

Deposition of Roger G. Nastou, dated October 3, 2006.

Deposition of Shannon M. Walsh, dated October 3, 2006.

Deposition of Barry E. Welch, dated October 19, 2006.

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Adams, Christopher P., et al. "New Drug Development: Estimating Entry From Human Clinical Trials," Bureau of Economics, Federal Trade Commission, July 7, 2003. DiMast, Joseph A., et al. "The Price of Innovation: New Estimates of Drug Development Costs," Journal of Health Economics 22 (2003) 151-185.

Grabowski, Henry, et al. "Returns on R&D for 1990s New Drug Introductions," March 2002.

Kanji, Salim, et al. "A Safer Strategy," Contingencies, Jul/Aug 2006 44-47.

Ibbotson; Stocks, Bonds, Bills & Inflation: Valuation Edition 2001 Yearbook Ibbotson; Stocks, Bonds, Bills & Inflation: Valuation Edition 2006 Yearbook

Bloomberg data regarding Abbott Laboratories beta

Yahoo Finance (http://finance.yahoo.com)

Abbott Laboratories 10Q for the quarter ended 9/30/06

Abbott Laboratories 10Q for the quarter ended 639/06 Abbott Laboratories 10Q for the quarter ended 3/31/06

Abbott Laboratories 10K for the year ended 12/31/05 Abbott Laboratories 10Q for the quarter ended 9/30/05

Abbott Laboratories 10Q for the quarter ended 6/30/05 Abbott Laboratories 10Q for the quarter ended 3/31/05

Abbott Laboratories 10Q for the quarter ended 3/31/01 Abbott Laboratories 10K for the year ended 12/31/00

Abbott Laboratories 10Q for the quarter ended 9/30/00 Abbott Laboratories 10Q for the quarter ended 6/30/00 Abbott Laboratories 10Q for the quarter ended 3/31/00 Page 3

Concordance Database

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JH008368	JH008368U	JH008371U	JH008372	JH008868	JH008868U	JH008870U	JH008871	JH008871U	JH008873U	JH008932	JH008932U	Л1008986	1H008986U
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JH008212	JH008368U	JH008369	JH008372	JH008373	JH008868U	JH008869	JH008871	JH008871U	JH008872	JH008874	JH008932U	JH008933	1H008986U
ABBT0000181A	ABBT0003445	ABBT0004028.	ABBT0004338	ABBT0004517	ABBT0042421	ABBT196502.UR	ABB1372705	AL002076	JH000579	JH001095	JH003650.01	JH004620	JH008211.01
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ABBT0000001	ABBT0000182	ABBT0003457	ABBT0004031	ABBT0004340	ABBT0004519	ABBT100001.UR	ABBT200001	AL.000001	JH000065	JH000581	JH001097	JH003651	JH004627



Avram S. Tucker

Avram S. Tucker Managing Director

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Professional History

- Tucker Alan Inc., 1994 -- 2004
- Peterson Consulting, 1981 1994
- Arthur Andersen & Co., 1977 1981

Teaching Experience

- Stanford University Consulting Professor, 1994 to present
- Stanford University Consulting Associate Professor, 1991 - 1994

Education and Certifications

- B.B.A., Accounting, George Washington University
- · Certified Public Accountant in California and Maryland

Honors

 Recipient of 1993 "Accounting Alumnus of the Year" - School of Business and Public Management, George Washington University

Mr. Tucker is a Managing Director and Management Committee member of Navigant Consulting. He is also a Consulting Professor at the Stanford School of Engineering, Department of Civil and Environmental Engineering. Mr. Tucker is a member of the Dean's Board of Advisors for the George Washington University School of Business.

Filed 02/18/2008

Mr. Tucker has provided expert testimony in state and federal civil courts, in the United States Court of Federal Claims, before state and federal administrative and dispute review boards, and in arbitration. His testimony has covered accounting, economic, business operations and regulatory matters. He is a Certified Public Accountant in California and Maryland.

Mr. Tucker is a member of numerous professional associations including, the American Institute of Certified Public Accountants, the California Society of CPA's, the Institute of Management Accountants, the National Contract Management Association, and the Project Management Institute.

Professional Experience

Tucker Alan Inc. (1994 -2004), a national business and litigation consulting firm - Co-Founder and Chief Executive Officer.

Peterson Consulting (1981-1994), an international consulting company - various positions, including Executive Vice President and Chief Operating Officer.

Provided accounting, economic and financial consulting including damage analysis and expert testimony on commercial, regulatory and public contract matters.

Provided business and general management consulting to regulated and commercial companies.

Arthur Andersen & Co. (1977-1981), an international public accounting firm.

Performed financial statement and special purpose audits and reviews of commercial companies, government contractors and regulated entities.



Avram S. Tucker

Overall Experience Summary

Analyzed the financial condition of corporations and partnerships, performed damage studies, and assessed financial statements, disclosures and other representations under a variety of circumstances, including general management consulting and in the context of disputes and litigation. Analyzed and prepared numerous lost profits, increased costs, business and asset value, royalty and other damages claims. Analyses have included study of actual and projected revenues, cost of goods, indirect costs, general and administrative expenses, taxes, cost of capital, discount rates and various assets, liabilities and equity. Analysis of below cost pricing in a variety of circumstances. Experience includes the following practice areas and types of cases.

Document 257-5

- Antitrust
- Bankruptcy
- Breach of Contract
- Business and Management Consulting
- **Business Interruption**
- Commercial Damages
- Construction
- Dealer Distributor Terminations
- Employment
- Entertainment and Sports
- Environmental and Product Defect

- Financial Institutions
- Fraud Investigations
- Government Contracts
- Insurance Claims and Coverage
- Intellectual Property
- Mergers and Acquisitions
- Professional Negligence
- Real Estate
- Regulated Industries
- Securities and SEC Cases
- Shareholder Disputes

Selected Industry Experience

Consulted with wholesalers, retailers, service companies, contractors, owners, financial institutions, public utilities and city, state and federal government agencies. Selected industry experience includes the following:

- Accounting
- Advertising
- Aerospace
- Agriculture
- Banking
- Biotechnology
- Computer Hardware and Software
- Construction
- Consumer Products

- Home and Business Security
- Hospitality
- Insurance
- Manufacturing
- Medical Products and Devices
- Oil And Gas
- Pharmaceutical
- Professional Services
- Real Estate

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Attachment B

Avram S. Tucker

- Data Storage Products
- · Educational Services
- Entertainment
- Environment
- Health Care
- · Government Contracting

- Retail
- Self Storage and Rental
- Shipping and Shipbuilding
- Sporting Goods
- Telecommunications
- Utilities

Testimony and Alternative Dispute Resolution Experience

Testified for trials, depositions and declarations involving civil court cases, arbitration and regulatory, administrative and disputes review board proceedings in the following jurisdictions:

Federal Courts

- · The United States Court of Federal Claims
- · The United States Tax Court
- The United States District Courts:
 - Western District of Alaska
 - > District of Arizona
 - > Central District of California
 - > Eastern District of California
 - > Northern District of California
 - > District of Colorado
 - District of Guam
 - District of Idaho
 - Northern District of Illinois
 - Southern District of Mississippi

- > District of Nebraska
- > District Court of Nevada
- District of New Mexico
- > Southern District of New York
- Southern District of Ohio
- > Western District of Pennsylvania
- Western District of Tennessee
- > Eastern District of Texas
- Northern District of Texas
- Eastern District of Virginia



Avram S. Tucker

State Courts

- Superior Courts for the State of California (unless otherwise noted) in the following counties:
 - > Alameda County
 - Contra Costa County
 - > Los Angeles County
 - > Mendocino County
 - Orange County
 - > Sacramento County
 - > San Diego County
 - > San Francisco County
 - > San Joaquin County
 - San Luis Obispo County
 - > San Mateo County

- > Santa Barbara County
- Santa Clara County
- > Sonoma County
- > Anchorage, Alaska
- > Seminole County, Florida
- Marion, Indiana
- > Baltimore, Maryland
- > Bergen County, New Jersey
- > Florence, South Carolina
- Dallas County, Texas
- > Harris County, Texas

Administrative Boards and Arbitrations

- · American Arbitration Association
- Armed Services Board of Contract Appeals
- California Public Utilities Commission
- Connecticut Public Utility Control
- · Dispute Review Boards
- Illinois Commerce Commission
- Postal Service Board of Contract Appeals
- Washington State Pilotage Commission

Alternative Dispute Resolution

Participated in numerous mediations, mini-trials, settlement negotiations and other proceedings and presented accounting, economic and business operations analyses, and assisted in developing alternative methods to resolve disputes. Acted as mediator on an accounting malpractice dispute.

Consulted to companies and law firms on techniques to avoid disputes and to minimize the impact of existing disputes. Selected by mediators and special masters to assist in the analysis of financial issues between the parties in dispute. Performed ability to pay analyses in the context of mediations and settlement discussions by analyzing financial statements, cash flows and other accounting and business records.



Avram S. Tucker

Professional Associations

- American Institute of Certified Public Accountants
- American Bar Association Associate Member
- Association of Government Accountants
- California Society of Certified Public Accountants
- Hastings University Trial Advocacy Program -- Previous Faculty Member
- Institute of Management Accountants

- National Contract Management Association
- National Defense Industrial Association
- Project Management Institute
- Project Management Institute National Symposium -- Previous Manager of Finance Committee
- Project Management Institute Advisory Council - Previous Member, Northern California Chapter
- Stanford Construction Institute

Publications

Tucker, Avram S., "The Role of the Independent Consultant in Contract Administration," Managing Government Contracts, November 1992, #19, p. 7.

Document 257-5

Tucker, Avram 5., "Construction Claims," in Western Council of Construction Consumers, Contractual Arrangements and Administration, pp. 40-46.

Eds. Cushman, Robert F., G. Christian Hedemann, and Avram S. Tucker, Alternative Dispute Resolution in the Construction Industry, John Wiley & Sons, New York, 1991.

Tucker, Avram S., "Pricing Abandonment and Cardinal Change Claims," American Bar Association, Forum on the Construction Industry, Volume 1, April 2005, pp 1-13

Selected Lectures and Seminars

- American Bar Association -- Construction Section
- American Bar Association Public Contract Section
- Construction Litigation Superconference
- Edison Electric Institute
- Electric and Gas Utility Groups
- Forbes Magazine Project Financing and Construction
- Los Angeles County Bar Association
- National Defense Industrial Association

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Attachment B

Avram S. Tucker

- Project Management Institute
- San Francisco Casualty Insurance Adjusters
- Stanford University Construction Executive Program
- Stanford University Graduate School of Construction Management
- Surety Association of Los Angeles
- University of California, Berkeley
- Western Council of Construction Consumers

Representative Topics Covered in Lectures and Seminars

- Accounting Theory and Application
- Alternative Dispute Resolution Techniques
- Analyzing False Claims and Defective Pricing Issues
- Competition in the Utility Industry
- Contract Administration and Management of Long-Term Contracts
- Cost Effective Use of Experts in Litigation
- Ethics in the Construction Industry
- Financial Statement Analysis
- Intellectual Property and Trade Secret Damages
- Methods and Techniques to Avoid Disputes
- Methods for Sureties to Assess and Minimize Risks
- Methods to Value Businesses And Assets
- Preparation and Analysis of Construction Contract Claims
- Preparation and Analysis of Economic Damage Claims
- Preparation and Analysis of Government Contract Claims
- Public Utility Regulation and Regulatory Principles
- Risk Allocation in Long-Term Contracts
- Role of the Independent Consultant in Contract Administration
- Role of the Internal Auditor in Regulatory Investigations

Avram S. Tucker

Additional Experience

Commercial Litigation

Analyzed the financial condition of corporations and partnerships, performed damage studies, and assessed financial statements, disclosures and other representations under a variety of circumstances including general management consulting and in the context of disputes and litigation. Analyzed and prepared numerous lost profits, increased costs, business and asset value, royalty and other damage claims. Analyses have included study of actual and projected revenues, cost of goods, indirect costs, general and administrative expenses, taxes, cost of capital, discount rates and various assets, liabilities and equity.

- Antitrust
- Bankruptcy Issues
- Breach of Contract
- Business and Asset Valuations
- Business Interruption Claims
- Check Kiting
- Class Action Litigation
- Computer Hardware and Software
- Dealer Distributor Terminations
- Director and Officer Litigation
- Employment and Labor Disputes
- Entertainment and Sports
- Environmental and Toxic Tort

- Failed Institutions
- · Forensic Accounting and Tracing
- Fraud Investigations
- Funds Flow and Tracing
- Insurance and Surety Matters
- Lender Liability
- Management Procedures and Controls
- Product Defects
- · Professional Malpractice
- Property Damage
- Real Estate Disputes
- · Securities and Shareholder Disputes
- Troubled Loan Analyses

Intellectual Property and Technology

Consulted on various matters involving patents, trade secret, and other intellectual property issues. Consulted on various antitrust and related cases including contract bid rigging, below cost pricing, distributor termination, resale price maintenance and tying arrangement matters. Analyses have related to a variety of industries including:

- Aircraft
- Apparel
- Automotive Diagnostic Equipment
- Biotechnology
- · Personal Computer Components
- Construction

- Electric Power Quality Products
- Electronics
- High Capacity Disk Media
- Nuclear Power Technology
- · Pharmaceutical Products
- Sporting Goods and Memorabilia



Avram S. Tucker

- Consumer Products
- Disk Drives and Storage Products
- Tape Storage Systems
- Water Treatment and Purification

Accounting, Securities and Professional Services Cases

Review of recorded accounting transactions to determine compliance with Generally Accepted Accounting Principles, including issues such as proper revenue recognition, recording of costs and financial statement disclosures. As examples, studied the proper capitalization of expenses, calculation of net realizable value, and accounting for contingencies.

Consulted on numerous disputes involving allegations of professional negligence against Directors and Officers, banks, public accounting firms and law firms. Analyzed and testified on issues bearing on liability, causation and economic damages. Studied and assessed many "deepening insolvency" claims.

Consulted on various securities cases including SEC investigations, shareholder disputes and professional negligence cases. Analyzed compliance with Generally Accepted Accounting Principles, causes of business failure, propriety of financial statement accounting and disclosures and business operation issues.

Environmental and Product Defect

Consulted on various environmental and product defect matters. Performed cost studies, cost allocations and assessments of lost profits, increased cost and asset value damages. Past experience includes:

- Asbestos
- **Bus Engines**
- Chemical Plants
- Computer Equipment
- Electric Power Facilities
- Landfills
- Manufacturing Facilities
- Nuclear Power Plants

- Oil and Gas
- Pollution Control Facilities
- Polybutylene Pipe
- Rail Car Equipment
- Hazardous Waste Sites
- Toxic Tort
- Weapons Plant Clean-Up

Government Contracts

Performed financial statement audits, project cost audits, and general business consulting for government and long-term contracting companies. Analyzed and prepared requests for equitable adjustments, changed work claims, termination claims and false claims disputes in the following areas.

- Army Barracks Construction
- **Boats**

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- Bomb Test Facilities
- Communications Equipment
- Postal Facilities
- Research and Development
- Rockets and Rocket Motors
- Shipbuilding and Repair

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Attachment B

Avram S. Tucker

- Computer Hardware and Software
- Environmental Clean-Up
- · Fighter Aircraft
- Flight Test Stations
- Helicopters
- Machine Guns
- Missile Launch Facilities and Test Equipment
- Ocean Exploration Vessels

- Shuttle Management
- Space Shuttle
- Super Collider
- Surveillance Aircraft
- Tanks
- · Trainer Aircraft
- Training Facilities
- Transport Aircraft

Utility Regulation, Construction and Operations

Performed litigation analyses, financial statement auditing and regulatory and accounting consulting services related to utilities and other regulated companies, including electric and gas utilities and telecommunications companies. Experience has included the following types of cases.

- Affiliate Transaction Rules
- Antitrust Litigation
- Bond Financing
- Bankruptcy Consulting
- Breach of Contract
- Construction Disputes
- Cost Separation and Allocation
- Deregulation Analyses
- Economic Damages
- Fraud Investigations

- · Fuel Pricing and Replacement Power
- · Merger and Acquisition Disputes
- Power Plant Outage Analyses
- · Power Purchase Agreements
- · Regulatory Consulting
- Regulatory Prudence Investigations
- Shareholder Derivative Litigation
- Spent Nuclear Fuel
- · Supplier and Contractor Litigation
- Uranium Pricing

Financial Institutions

Provided consulting services and expert testimony on numerous matters involving banks, savings and loans, and trusts. Experience includes financial statement auditing, analyzing damages related to lender liability matters, analyzing loan collateral, studying banking operations, and performing forensic analyses in the following areas:

- · Accounting Malpractice
- Class Actions
- Director and Officer Litigation
- · Failed Savings and Loans
- · Fraud Investigations

- · Funds Tracing
- Lender Liability
- Lost Profits
- Real Estate Analyses
- · Trust Accounts



Avram S. Tucker

Commercial Construction

Consulted on various construction projects performing general business consulting, claims preparation and analysis, termination claims, false claims, and fraud investigations. Experience with many types of construction projects including the following:

- Airport Facilities
- Bridges
- Chemical and Manufacturing Plants
- Cogeneration Facilities
- Dams
- Education Facilities
- · Highways and Roads
- Hospitals
- Hotels and Resorts
- · Housing Developments
- Jails and Prisons
- Mining Facilities

- Office Buildings
- Oil Refineries
- Pipelines
- · Power Plants
- Rail Transportation Systems
- Restaurants and Retail Outlets
- Ships and Boats
- Sports Complexes
- · Steel Plants
- · Telecommunication Facilities
- Tunnels

Entertainment and Sports

Consulted and testified in connection with entertainment and sports matters involving motion pictures, television, music, concert and sports venues and merchandise, and celebrity likeness matters. Analyzed motion picture development, production and distribution costs and fees, artist compensation and profit participation, recording costs and music royalties, business projections, finders' fees and back-office costs, among other issues, in connection with the following:

- Asset Sale Agreements
- Breach of Contract
- Fraud Investigations
- GAAP Assessments
- · Independent Reviews

- Joint Venture Accounting
- Lost Profits
- Net Profits Accounting
- Tracing of Assets and Funds
- Trade Secrets

Case Name	Venue Venue	Approximate
David A. Bradlow, as Receiver for Pipeline Inc. v. Grant Thornton LLP, a limited liability partnership Case No. CGC-04-4374233 (Deposition)	In the Superior Court of the State of California County of San Francisco	2006
Northrop Grumman Systems Corporation, NGC Denmark ApS, Solystic Belgium NV, v. Siemens AG, Siemens France ICC Case No. 13772/EC (Arbitration)	International Court of Arbitration International Chamber of Commerce	2006
New World Tmt Limited, A Cayman Islands Corporation v. Prediwave Corporation Case No. 104CV020369 (Deposition)	In the Superior Court of California, Santa Clara County	2006
Travelers Casualty & Surety Company of America vs. J. L. Holloway; Emile Dumesnil; Charles Decur; John Alford; Richard T. McCreary; Rick Rees; John Dane, III; alan A. Baker; T. Jay Collins; Jerome L. Godlman; Gary Kott; Raymond E. Mabus; Angus R. Cooper, II; Barry J. Galt; Kenneth W. Lewis; and Ernst & Young, LLP; Civil Action No. 1:03CV762RO (Deposition)	In the United States District Court For The Southern District of Mississippi Southern Division	2006
Bernard J. Natale. As Trustee in re Asche Transportation Services, Inc., in re Asche Transfer, Inc., and in re AG Carriers, Inc. v Ernst & Young, LLP; No. 51 Y 107 0127 04 (Arbitration)	Arbitration	2006
United States of America, ex rel. Bobby L. Maxwell vs. Kerr-McGee Chemical Worldwide, LLC, et al; Civil Action No. 04-F-1224-(CBS) (Deposition)	In the United States District Court For The District of Colorado	2006

Case Name	Venue	ApproximateDate
AB Liquidating Corp., f/k/a/ Adaptive Broadband Corporation, Case No. 1-03-CV001354 (Deposition and Arbitration)	In the Superior Court of the State of California, In and For the County of Santa Clara	2006
Highland Capital Management, L.P., KZH Highland-2 LLC, Highland Loan Funding V Ltd., Emerald Orchard Limited, KZH PAMCO LLC, and PAMCO Cayman, Ltd., Cause No. 03-04530-K (Deposition and Arbitration)	In the District Court of Dallas County, 192 nd Judicial District	2006
Lynne A. Carnegie, On Behalf of Herself and All Others Similarly Situated v Household International, Inc., Household Bank, f.s.b. successor in interest to Beneficial National Bank, H&R Block Tax Services, Inc., et al; Case No: 98 C 2178 (Deposition)	United States District Court, Northern District of Illinois, Eastern Division	2006
The Huff Alternative Income Fund, L.P. v PriceWaterhouseCoopers LLP; Docket No. L-9204-03 (Deposition)	Superior Court of New Jersey, Bergen County	2005
OBH Inc. (Berkshire Hathaway) v. United States of America CV374 and CV460 (Trial)	United States District Court for the District of Nebraska	2005
Targus Group International, Inc. vs. KPMG, LLP Case No.: 03CC02302 (Deposition)	Superior Court of the State of California, Orange County	2005
Kmart Creditor Trust vs. Charles C. Conaway, American Arbitration Association, Matter Number 54116Y83804 (Deposition and Arbitration)	Arbitration	2005

Case Name	Venue	ApproximateDate
Fujitsu Limited v. Cirrus Logic, Inc., Amkor Technology, Inc., Sumitomo Bakelite Co., Ltd., and Sumitomo Plastics America, Inc. Case No.:1-03-CV-009885 (Deposition)	Superior Court of the State of California, County of Santa Clara	2005
Charles A. Stanziale v. Ernst & Young LLP, Case No. 03-C-03-002201 (Deposition)	Circuit Court for Baltimore County	2005
Maxtor Corporation v. Koninklijke Philips Electronics N.V. et al; Case No. CV808650 (Deposition and Trial)	Superior Court of California, In and For the County of Santa Clara	2004
Brown & Cole, Inc., and Ennen Food Stores, Inc. vs. Deloitte & Touche LLP (Arbitration)	Private Arbitration	2004
Official Committee of Unsecured Creditors of Tri Valley Growers, a court-appointed representative of the Estate of Tri Valley Growers v Deloitte & Touche L.L.P.; Case No. 406914 (Deposition)	In the Superior Court of the State of California, In and For the County of San Francisco	2004
Prospect High Income Fund, Highland Crusader Fund, Ltd., et al v. Prudential Securities Inc. and Prudential Securities Credit Corp., LLC, No. 02-1499-E (Deposition)	In the District Court, Dallas County Texas, 101 st Judicial District	2004
Thayer/Patricof Education Holdings, L.L.C., and Pryor Resources, Inc. v Ernst & Young LLP; No. 16 Y 107 00442 03 (Arbitration)	American Arbitration Association	2004

Case Name	Venue	Approximate
AgriBio Tech, Inc. Debtor, and Anthony Schnelling, As the Trustee of the AgriBio Tech Creditors' Trust v KPMG, et al (Deposition)	U.S. District Court, Nevada	2004
Mark Dauberman v. DeVry Inc., Becker CPA Review Corp.; No. BC276295 (Deposition)	State of California, Superior Court for the County of Los Angeles	2004
Nuevo Energy Company vs. Union Oil Company of California, Case No. 03-4664ER (RCx) (Deposition)	United States District Court, Central District of California	2004
Power Generation Mexico, Inc. vs. Entergy Power Development Corporation (Deposition)	Superior Court of the State of California, In and For The County of San Francisco	2004
Indiana Michigan Power Company v. United States of America (Deposition and Trial)	United States Court of Federal Claims	2004
Occidental of Elk Hills, Inc. vs. Chevron U.S.A., Inc. and Chevron USA Production Company, JAMS Reference No. 120030212 (Deposition and Arbitration)	Private Arbitration	2003
Discus Dental Impressions, Inc. v Align Technology, Inc., Case No. 74 Y 181 008329 02 (GAP) (Arbitration)	Private Arbitration	2003
United States of America, ex rel. Rex A. Robinson and James H. Holzrichter v. Northrop Grumman Corporation (Deposition)	United States District Court, Northern District of Illinois, Eastern Division	2003

Case Name	Venue	Approximate
Purchase Price Adjustment Dispute Between The Boeing Company and Hughes Electronics Corporation (Deposition)	Arbitration	2003
Homer J. Olsen, Inc. v. Santa Clara Valley Transit Authority, Case Number C785402 (Arbitration)	Superior Court of California, County of Santa Clara	2003
Raytheon Company (USA) v Excelon Fore River Development, LLC (USA), ICC Case 12-120/JNK (Arbitration)	ICC Arbitration	2003

Illustration Of Adjusted Lost Royalties And Milestone Payments After Addressing Selected Errors In Mr. Friedman's Analysis ABT-518, ABT-594 And ABT-773 Combined

Dollars in Millious

	17.5% Discount Rate	<u>.</u>	10% Discount Rate	ا بو
Low Case	⇔	9	₩	∞
Base Case	\$	28	\$	41

Source: Exhibits 1A, 1B, 1C and 1D

calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Note: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-510, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and

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EXHIBIT 1A

Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Low Case Discounted At 17.5%

Dollars in Millions

	2002		2003 2004	. 	2005		9007	2	1007	2008	88	20	6003	2010	ا و	2011		2012	7	2013	_	2014		2015	1	Fotal
Claimed Lost Royalties ⁽¹⁾ Less: Selecied Errors ⁽²⁾	54 3		⊌ q	7 \$	4 4	69	6)	€ s	25	46	27	67,	73 73	50	21 21	69	61 82	69	17 8	€43	გა გ] გა		- o		ا م ا ـ	180
Adjusted Lost Royalties	€5	,	S	69		100	,	85	•	5-5		95	•	60	-	849	-	50	-	ee			 		~ -	4
Claimed Lost Milestone Payments (1) \$ Less: Selected Errors (9)	64	- , ,	\$ 17	17 \$	' '	6-9 	ම ම	56	, ,	وء	· 3	se	. 0	6-9	· e	69		69	. ,		 		 		∽	13
Adjusted Lost Milestone Payments S	649	,	45		1	P. 1	,	es	•	50	7	5F)	ej	20	0	S/S	·İ	89	1	89	ا٠		6-5 1		رم ا	
Adjusted Total	S	· }	1 60	ı∥. ••∥	'	es∦ n	,	إعن	•	٠	77	9 €;	۰	en:	-[6-6	-[s	-	69	1		-l		-1	٥

General Notes. This is for illustration purposes, and ignores for discussion purposes (willhout agreement) liability on all 3 compounds - ABT-518, ABT-594 and ABT-773 and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 4.1.

(2) The following adjustments have been made to Mr. Friedman's claimed lost royalties:

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that

are part of the deal but are not at issue in this case.

(b) Expected sales for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current expected sales compared to original expected sales for the six other compounds that are part of the deal but not at issue in this case.

(c) Amounts have been discounted at 17,5%.

(3) The following adjustments have been made to Mr. Friedman's claimed lost milestone payments;

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that are part of the deal but not at issue in this case.

(b) Probabilities of success for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current probabilities of success compared to original probabilities of success for the six other compounds that are part of the deal but not at issue in this case.

(c) Amounts have been discounted at 17.5%.

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Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Low Case Discounted At 10%

Dollars in Millions

· 3	2003	-	2004		5002	8 .	2006	2007		2008	1	200	6	2010	٠ [١	2011	7	2012	2	2013	2014	4 -	2015		Total	Je car
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649		** 		59 . 1	1	54	1	S	-	eo	0	69	- I		69 l	-	E-9.	-	6	-	54)	-	ss	-	60	r-
Claimed Lost Milestone Payments ⁽¹⁾ \$ Less: Selected Errors (3)	+	+ 1	5 17	€9	1 :	÷A	6 6	₩.		€9	. 5	e a	÷9	· (0)	÷ (d	1 1	64 3	۱, ۱	-	١,	69	, ,	69	, ,	645	14
Adjusted Lost Milestone Payments S		, [6 49	1	6-9	,	S		s	7) S	S (1)	٥	es	1	8	1	64:	'	649	4	873		66	1
69		, []	8	6 2	,	643		69	-	S	7		0		- -		s,	-	649	-	9	-	80	-	60	æ

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 4.1,

(2) The following adjustments have been made to Mr. Friedman's claimed lost reyalities:

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that are part of the deal but are not at issue in this case. (b) Expected sales for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current expected sales compared to original expected sales for the six other compounds that are part of the deal but not at issue in this case.

(c) Amounts have been discounted at 10%.

(3) The following adjustments have been made to Mr. Friedman's claimed lost milestone payments:

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that are part of the deal but not at issue in this case.

(b) Probabilities of success for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current probabilities of success compared to original probabilities of success for the six other compounds that are part of the deal but not at issue in this case.

(c) Amounts have been discounted at 10%.

EXHIBIT 1C

Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Base Case Discounted At 17.5%

Dollars in Millions

	20	2003	20	2004	50	500	2006	9	2007	71	2008	oc	2009		2010	 	2011		2012	[A]	2013	20	2014	2015	30	Total	_
Claimed Lost Royalties (3)	69		\$ 22	21 22	. (4	23	60	35	69	37	69	37	₩.	35 \$	₹÷ 24 C	28 \$	23	6 4	61	59	۰ ۰	6-5	~ 6	69	7 8	6 /9	262
Adjusted Last Royalties	60	, , , , , , , , , , , , , , , , , , ,	69	1 1	اجو	,	~		60		₩.	7	69	e e		ee ee		1 10	7	ود	4	S	m	€5	, m	69	92
Claimed Lost Milestone Payments ⁽¹⁾ \$ Less: Selected Errors ⁽³⁾	₩.	' '	69	5 5	÷s.	' '	tr.	ତ ତ	\$9		جه	· (٠,]	· 6		÷÷	7 1	64	• •	s.		€9		∞	14
Adjusted Lost Milestone Rayments \$	60	1	50		60	•	\$	·	69		6-0	4	99	୩ ଗ	أعر	0	x-	99	'	S	1	60	'	69	·	₩	7
Adjusted Total	٠.	66 6	86		<u>ج</u>	'	62		S	=	₩.	9	se.	9	_	4 8	4	 	4	هد	4	s	"	549	3	65	28

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds - ABT-518, ABT-594 and ABT-773 and Mr. Priedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 4.1.

(2) The following adjustments have been made to Mr. Friedman's claimed lost royalties:

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that are part of the deal but are not at issue in this case.

(b) Expected sales for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current expected sales compared to original expected sales for the six other compounds that are part of the deal but not at issue in this case.

(c) Amounts have been discounted at 17.5%.

(3) The following adjustments have been made to Mr. Friedman's claimed lost milestone payments:

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that are part of the deal but not at issue in this case.

(b) Probabilities of success for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current probabilities of success compared to original probabilities of success for the six other compounds that are part of the deal but not at issue in this case.

(c) Amounts have been discounted at 17.5%.

EXHIBIT 1D

Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Base Case Discounted At 10%

Dollars in Millions

•	2003	1	2004		2005	-	900	20	2002	2008	<u>.</u>	2009	8	2010	_	2011	1	2012	"]	2013	8	2014	2015	2	Total	ig.
Claimed Lost Royalties ⁽¹⁾ Less: Selected Errors ⁽²⁾	÷			21 21 \$	2 2	5 0	35 35	64	37	64	37	€9	35	e s	28	8	23 8	61 5	es	6 7	₩.	~ ⊕	en.	~ ⊕	6-9	262
Adjusted Lost Royalties	₩.	1 ** 				%		89	0	6 49	7	6 9	3	643	4	69	no		56	9	65	9	60	w	69	8 8
Claimed Lost Milesione Payments ⁽¹⁾ Less: Selected Errors ⁽²⁾	~		ا ت	75 75 8	' '	cs I	6 6	s		69	• ତ୍ର	€	, 6	63	· 희	÷e.	, ,		ا ب	. ,	50	' '	€9		€7	14
Adjusted Lost Milestone Payments S	8	1	69	ا،	,	S	•	SO.	·Ì	5 93	w	50	<u></u>	₩.	٥	69	1		ار ار	'	5 9	1	82	1	₽÷.	77
Adjusted Total	65	· N		. -	'	ها ا	.	ب	٠	85	7	65	0	sa	n)	5 5	ر ا		645 643	9	6-9	9	69	60	80	<u>4</u>

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds

Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 4.1.

(2) The following adjustments have been made to Mr. Friedman's claimed lost royalties:

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that

are part of the deal but are not at issue in this case.

(b) Expected sales for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current expected sales compared to original expected sales for the six other compounds that are part of the deal but not at issue in this case.

(c) Amounts have been discounted at 10%.

(3) The following adjustments have been made to Mr. Friedman's claimed lost milestone payments:

(a) Launch dates for ABT-518, ABT-594 and ABT-773 have been delayed by four years to reflect the average delay in the development of compounds that

are part of the deal but not at issue in this case.

(b) Probabilities of success for ABT-518, ABT-594 and ABT-773 have been adjusted to reflect the decline in current probabilities of success compared to original probabilities of success for the six other compounds that are part of the deaf but not at issue in this case.

(c) Amounts have been discounted at 10%.

As Projected By Hancock At The Time Of The Agreement Present Value Of Expected Future Cash Flows

ABT-518

Dollars in Millions

	A.	Amount	Percentage
All Compounds	\$	170.5	100.0%
All Compounds Excluding ABT-518		169.6	99.5%
ABT-518	\$	0.9	0.5%

Source: Exhibit 2A

Present Value Of Expected Future Cash Flows
As Projected By Hancock At The Time Of The Agreement By Year

ABT-518

Dollars in Millions

			200
Total	170.5	169.6	0.9
	₩		€
2015	2.9	2.7	0.2
7	49		\$
2014	4.4	42	0.2
7	₩.		₩.
2013	9.3	9.3	0:0
72	63		\$
2012	11.2	11.2	0.1
20	₩.		₩.
2011	13.1	13.0	0.1
20	₩		⇔
2010	15.2	15.1	0.1
20	CO		
5005	17.0	16.9	0.1
70	€9		₩.
2008	18.7	18.6	0.1
20	 	-	
2002	18.0	18.0	0.1
20	. ₩		8
2006	19.5	19.5	0.0
7(€-		₩.
2005	8.3	8.3	,
Z	⇔		
2004	23.5	23.5	,
22	59		co
2003	بن 8	5.8	
Ž	₩		6 ⊅
2002	3.4 \$ 5.8 \$ 23.5 \$	3.4	,
7	us		တ
	All Compounds	All Compounds Excluding ABT-518	

General Notes:

Amounts are calculated using Hancock's Monte Carlo Simulation model as the framework. The launch dates, peak sales amounts and probabilities of success are based on initial projections at the time of the Agreement (FII012035). Amounts have been discounted to 2001 at the internal rate of return. Differences are due to rounding

As Projected By Hancock At The Time Of The Agreement Present Value Of Expected Future Cash Flows

ABT-594

Dollars in Millions

	A	Amount	Percentage
All Compounds	₩	170.5	100.0%
All Compounds Excluding ABT-594		150.2	88.1%
ABT-594	\$	20.2	11.9%

Source: Exhibit 3A

EXHIBIT 3A

As Projected By Hancock At The Time Of The Agreement By Year Present Value Of Expected Future Cash Flows

Dollars in Millions **ABT-594**

	1100 2		200
Total	170.5	150.2	20.2
Ţ	₩		₩.
2015	2.9	2.9	-
7	₩		⊕-
2014	4.4	4.4	
	₩.		æ
2013	9.3	8.8	0.6
	₩.		€>
2012	11.2	10.6	0,7
	₩		₩
2011	13.1	12.3	0.8
- '	⊌ 9		↔
2010	15.2	14.2	1.0
į	₩.]	⇔ ∦
5002	17.0	15.6	1.3
	₩		v> ∥
2008	18.7	16.9	1.8
	₩.	-	# ■
2007	18.0	15.6	2.4
	÷	ا	⇔ ∥
2006	19.5	16.9	2.6
	es **		8
2005	80	6.3	7.1 \$ 2.0
	ru an		
2002 2003 2004 2005	6 23.5 \$	5.8 16.4	7.
 	89	∞ ∞	. }
2003	3.4 \$ 5.8	2	€
	4.	3.4	.
2002	va	"	€-
	ll Compounds	All Compounds Excluding ABT-594	
	All C	All C	

General Notes:

Amounts are calculated using Hancock's Monte Carlo Simulation model as the framework. The launch dates, peak sales amounts and probabilities of success are based on initial projections at the time of the Agreement (JTII012055). Amounts have been discounted to 2001 at the internal rate of return. Differences are due to rounding

EXHIBIT 4

Present Value Of Expected Future Cash Flows
As Projected By Hancock At The Time Of The Agreement
ABT-773

ABI-7/3
Dollars in Millious

	Ar	Amount	Percentage
All Compounds	69	170.5	100.0%
All Compounds Excluding ABT-773		139.5	81.8%
ABT-773	₩	30.9	18.2%

Source: Exhibit 4A

General Note:

Differences due to rounding.

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Present Value Of Expected Future Cash Flows
As Projected By Hancock At The Time Of The Agreement By Year

ABT-773
Dollars in Millions

Total	170.5	139.5	30.9
Ĕ	↔		•
2015	2.9	2.9	
20	\$		€-
2014	4	4.4	1
12	₩		€-
2013	9.3	8.3	1.0
7	€9		↔
2012	11.2	10.0	1.2
7	₩		€9
2011	13.1	11.6	1.5
7	\$5		
2010	15.2	13.4	1.8
.,	₩		\$€
2009	17.0	14.5	2.4
	₩		€9
2008	18.7	15.4	3.3
	69		↔
2007	18.0	13.7	43
	€ \$		*
2002	19.5	15.0	4.5
	₩.		₩.
2005	8.3	5.1	3.2
	₩		€9
2004	23.5	15.8	7.7
.,	€9-		မာ
2003	5.8	5.8	
	÷.		45
2002	3.4	3.4	1
14	€9		₩.

General Notes:

All Compounds Excluding ABT-773

All Compounds

Amounts are calculated using Hancock's Monte Carlo Simulation model as the framework. The launch dates, peak sales amounts and probabilities of success are based on initial projections at the time of the Agreement (JHII012055). Amounts have been discounted to 2001 at the internal rate of return. Differences are due to rounding

As Projected By Hancock At The Time Of The Agreement Present Value Of Expected Future Cash Flows ABT-518, ABT-594 And ABT-773 Combined

Dollars in Millions

	Aı	Amount	Percentage
All Compounds	⊗	170.5	100.0%
All Compounds Excluding ABT-518, ABT-594 And ABT-773		118.2	%69.3%
ABT-518, ABT-594 And ABT-773	ક	52.3	30.7%

Source: Exhibit 5A

EXHIBIT 5A

As Projected By Hancock At The Time Of The Agreement By Year ABT-518, ABT-594 And ABT-773 Combined

Dollars in Millions

2015	£ 2.9	2.7	\$ 0.2
2014	4.	4.2	0.5
	69 .		.
2013	Q. E.	7.4	2.0
7	₩.		↔
2012	11.2	8.8	2.4
20	↔		¥÷
2011	13.1	10.2	2.9
70	∨•		60
2010	15.2	11.6	3.6
20	₩		€
2009	17.0	12.2	4.8
×	€9		↔
2008	18.7	12.2	6.5
3	₩		\$
2007	18.0	10.2	7.8
73	₩.		€
2006	19.5	11.4	8.1
2	₽		€ .
305	8.3	3.1	5.2
7	₩.		8.6 \$
2004 2005	23.5	14.9	8.6
2	₩		€0
2003	\$ 3.4 \$ 5.8 \$ 23.5 \$ 8.3	aç.	\$
	₩		\$
2002	3.4	3.4	-
20	49	[₩.
	All Compounds All Compounds	Excluding ABT-518, ABT. 594 And ABT-773	

General Notes:

Amounts are calculated using Hancock's Monte Carlo Simulation model as the framework. The launch dates, peak sales amounts and probabilities of success are based on initial projections at the time of the Agreement (IHII012055). Amounts have been discounted to 2001 at the internal rate of return. Differences are due to rounding

Assuming a Hypothetical Renegotiation in the Royalty Rate Illustration of Change in Currently Expected Royalties Dollars in Millions

Discount Rat	Discount Rate
Low Case \$ 2 Base Case \$ 12	\$ 3

Source: Exhibits 6A, 6B, 6C and 6D

To illustrate the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001. Purpose:

For illustrative purposes, assumes (without agreement) that Hancock would have renegotiated its royalty rate for the first \$400 million in annual sales to maintain its calculated internal rate of return assuming its projections on all nine compounds. This represents the difference between the actual royalty rate (8.5%) and the hypothetically renegotiated royalty rate (15.0%).

Note:

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EXHIBIT 6A

Assuming a Hypothetical Renegotiation in the Royalty Rate Illustration of Change in Currently Expected Royalties

Low Case Discounted at 17.5% Dollars in Millions

	2(60(72	110	3	11	20	1.2	×	13	5	14	20	1.5	To	tal
Expected Net Sales (1)	₩	0	69	\$	₩	\$ 2	2 \$	7	69.	\$ 21	₩	\$ 35	₩.	\$ 38	\$ 104	104
Hypothetical Change in Royalty Rate (2)		6.5%	į	6.5%		6.5%		6.5%		6.5%		6.5%		6.5%		
Hypothetical Change in Royalties		0 \$	€-	0 \$	69	0 \$	0	0	⊕	-	59	\$ 2	₩.	7	\$	7
Present Value Factor @ 17.5%		0.62		0.52		0.45		0.38	ļ	0.32		0.28		0.23		
NPV of Hypothetical Change in Royalties		0 \$	↔	\$ 0	60	0 \$	⇔	\$ 0	\$	0 \$	⊹	\$ 1	s)	s ı	\$ 2	2

Purpose:

To illustrate the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001.

(otes:

(1) Source: Friedman Exhibit 4.4

(2) For illustrative purposes, assumes (without agreement) that Hancock would have renegotiated its royalty rate for the first \$400 million in annual sales to maintain its calculated internal rate of return assuming its projections on all nine compounds. This represents the difference between the actual royalty rate (8.5%) and the hypothetically renegotiated royalty rate (15.0%).

General Note:

Differences are due to rounding.

EXHIBIT 6B

Assuming a Hypothetical Renegotiation in the Royalty Rate Illustration of Change in Currently Expected Royalties

Low Case Discounted at 10%

Dollars in Millions

	32	604	20	01	20	ĭ	20	12	20	13	20	14	20	15	To	[a]	
Expected Net Sales (1)	90	0 \$	\$ 1		\$ 2	7	\$ 7	^	0	\$ 21	\$ 35	35	\$ 38	38	≀73	\$ 104	
Hypothetical Change in Royalty Rate (2)		6.5%	6.5%	9.5%		6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	5.5%	6.5%	5.5%			
Hypothetical Change in Royalties	69	D	D \$	0	9	0	0 \$	0	€9-	Ħ	\$\$	7	\$	2	₩,	7	
Present Value Factor @ 10%		0.75		0.68		7.62		9.56		0.51	-	0.47		0.42			
NPV of Hypothetical Change in Royalties	₩.	\$ 0	0 \$	0	\$5	0 \$	\$ 0	0	€-	\$ 1	\$ 1	-	60	7	\$ 3	3	

Purpose:

To illustrate the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001.

Notes:

(1) Source: Friedman Exhibit 4.4

(2) For illustrative purposes, assumes (without agreement) that Hancock would have renegotiated its royalty rate for the first \$400 million in annual sales to maintain its calculated internal rate of return assuming its projections on all nine compounds. This represents the difference between the actual royalty rate (8.5%) and the hypothetically renegotiated royalty rate (15.0%).

General Note:

Differences are due to rounding.

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EXHIBIT 6C

Assuming a Hypothetical Renegotiation in the Royalty Rate Illustration of Change in Currently Expected Royalties

Base Case Discounted at 17.5% Dollars in Millions

	20	60	20	10	20	11	20	71	20	13	20	14	20		To	tal
Expected Net Sales (1)	99-	εs 95	60	6 \$	÷	\$ 17	₩.	\$ 29	↔	\$ 147	60	\$ 215	\$-	\$ 189	₩	639
Hypothetical Change in Royalty Rate (2)		6.5%		6.5%		6.5%	6.5%	9.5%		6.5%	6.5%	6.5%	6.5%			
Hypothetical Change in Royalties	50.	0 \$	\$	-	69	7	₩.	4	⇔		₩	14	₩		69	42
Present Value Factor @ 17.5%		0.62		0.52		0.45		3.38		0.32		0.28		0.23		-
NPV of Hypothetical Change in Royalties	S	0 \$	0 \$	0	8 0	0	\$ 1	1	99	\$ 3	69	\$ 4	\$	3	\$ 12	112

'urpose;

To illustrate the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001.

Notes:

(1) Source: Friedman Exhibit 3.4

(2) For illustrative purposes, assumes (without agreement) that Hancock would have renegotiated its royalty rate for the first \$400 million in annual sales to maintain its calculated internal rate of return assuming its projections on all nine compounds. This represents the difference between the actual royalty rate (8.5%) and the hypothetically renegotiated royalty rate (15.0%).

General Note:

Differences are due to rounding.

EXHIBIT 6D

Assuming a Hypothetical Renegotiation in the Royalty Rate Illustration of Change in Currently Expected Royalties

Base Case Discounted at 10%

Dollars in Millions

	2009	2	010	70	11	200	[2	201	[3	20.	14	50		Ľ	Ial 	
Expected Net Sales (1)	8	,	6 \$	\$ 17	17	\$ 59	59	\$ 147	147	\$ 215	215	\$ 189		\$ 639	629	
Hypothetical Change in Royalty Rate (2)	6.5%		6.5%	6.5%	6.5%	6.5%	5.5%	6.5%	5.5%	6.5%	5.5%		_			
Hypothetical Change in Royalties	0 \$		\$ 1	\$ 1	H	æ. 4	4	€4>	10	\$ 14	14	(/ >		69	42	
Present Value Factor @ 10%	0.75		0.68		0.62		3.56		1.51		7.47		0.42			
NPV of Hypothetical Change in Royalties	0 \$		0 \$	S		\$ 2	2	\$ 5	5	\$ 7	7	\$ 5	5	\$ 20	20	

Purpose:

To illustrate the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001.

lotes:

(1) Source: Friedman Exhibit 3.4

(2) For illustrative purposes, assumes (without agreement) that Hancock would have renegotiated its royalty rate for the first \$400 million in annual sales to maintain its calculated internal rate of return assuming its projections on all nine compounds. This represents the difference between the actual royalty rate (8.5%) and the hypothetically renegotiated royalty rate (15.0%).

General Note:

Differences are due to rounding.

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Supplemental Expert Report of Avram S. Tucker December 3, 2007

I. Introduction

This Supplemental Report, dated December 3, 2007, updates Avram Tucker's opinions based on new information since filing his initial report, dated January 19, 2007 ("Initial Tucker Report"). This Supplemental Report should be read in conjunction with the Initial Tucker Report. A listing of the supplemental documents and other information Mr. Tucker considered is included as Attachment A to this Supplemental Report.

II. New Information Related To The Expert Opinions Of Avram Tucker

There is new information since the Initial Tucker Report regarding the topics summarized below:

Abbott's Projections Used By Mr. Friedman To Compute What Hancock's Royalties Would Have Been "But-For" The Alleged Misrepresentations

Mr. Friedman testified in his May 2007 deposition that it was his understanding that the Abbott projections he relied upon were provided to Hancock as part of the Agreement. Mr. Tucker understands that Abbott disputes the assertion that the projections were ever provided to Hancock. In an affidavit signed by Keith Hendricks on October 12, 2007, Mr. Hendricks states that the Abbott projections used by Mr. Friedman were Abbott's internal projections as of the time of the Agreement and that these projections incorporated all the information available to Abbott at the time. This new information further demonstrates that it is inappropriate for Mr. Friedman to use these Abbott projections as the basis of his "but-for" scenario since they would account for any adverse information known to Abbott. (Friedman deposition, 5/24/07; Hendricks affidavit, 10/12/07)

Abbott's Out-Licensing Of ABT-773 To Advanced Life Sciences

Mr. Friedman acknowledged in his October 2006 report ("Initial Friedman Report") that he had not considered the impact of out-licensing activity on his computation of damages but expected to conduct such an analysis once discovery was completed. Since the Initial Tucker Report, Hancock and Abbott have produced additional information related to the out-licensing of ABT-773 to Advanced Life Sciences. Advanced Life Sciences has also released new public information regarding further clinical trial successes in the development of ABT-773. Mr. Tucker expects Mr. Friedman to incorporate this new information into his computation of damages. Mr. Tucker will evaluate any modification to Mr. Friedman's opinions resulting

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Supplemental Expert Report of Avram S. Tucker December 3, 2007

from the new information regarding ABT-773. (Blewitt deposition, 5/16/07; ABBT0577855 to 577884; ALS press releases; JHII021946 to 21948)

Mr. Friedman's Re-Characterization Of "Non-Viable Compounds"

Mr. Friedman testified in his May 2007 deposition that his description of "non-viable" and "viable" compounds in the Initial Friedman Report should be changed. While the Initial Friedman Report defines a "but-for" scenario where the "non-viable compounds" (ABT-518, ABT-594 and ABT-773) would have been "actually viable," and Mr. Friedman performs damage calculations on that basis, Mr. Friedman's deposition testimony was different. He testified that he did not mean that ABT-518, ABT-594 and ABT-773 would have been different in character in the "but-for" scenario. However, in contrast, Mr. Friedman also testified that the "but-for" scenario would contain new compounds (e.g., "the new 518") which would be different than the compounds in the portfolio. These inconsistencies are further indications that Mr. Friedman's opinions are unreasonable and illogical. (Friedman deposition, 5/24/07)

Additional Program Payments By Hancock

Since the Initial Tucker Report, Mr. Friedman produced workpapers showing his computations of additional Hancock Program Payments in 2003 and 2004 under the "but-for" scenario. Mr. Friedman's workpapers indicate that Hancock would have made an additional Program Payment of at least \$58 million in 16 of the 18 "but-for" scenarios analyzed, and that Hancock would have made additional Program Payments totaling \$110 million in 14 of the 18 "but-for" scenarios analyzed. These new workpapers confirm that Mr. Friedman has failed to properly offset from claimed damages additional Program Payments that would have been required by Hancock. (CRA00127 to CRA00152; Friedman deposition, 5/24/07)

Allocation Of Damages To Specific Allegations

Mr. Friedman testified in his May 2007 deposition that he prepared new damage calculations that separately computed damages for each individual compound at issue, which were provided to Abbott in interrogatory responses. Hancock served interrogatory responses in April 2007 identifying separate damage figures for each of the three compounds at issue. Hancock also filed a Second Amended Supplemental Complaint in November 2007 that includes additional allegations. Mr. Tucker understands that these additional allegations are subject to a motion to strike by Abbott. If necessary, Mr. Tucker will evaluate any new calculations regarding damages related to individual compounds or individual allegations that

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Supplemental Expert Report of Avram S. Tucker December 3, 2007

Mr. Friedman prepares. (Interrogatory responses, 4/30/07; Friedman deposition, 5/24/07; Second Amended Supplemental Complaint, 11/8/07)

Hancock's Allegations Regarding What It Would Have Done

In its First Amended Supplemental Complaint, Hancock claimed that it would have demanded different contract terms or may not have entered into the Agreement if it had known the true development status of the compounds. In Stephen Blewitt's May 2007 deposition, he was unable to identify any specific change to the contract terms that Hancock would have required. Mr. Blewitt's testimony is further evidence of the inconsistency between Mr. Friedman's damage calculations and Hancock's allegations. (Blewitt deposition, 5/16/07)

Program Spending Shortfall Claim

Mr. Tucker understands that the Court has indicated that it plans to grant Abbott's motion to dismiss Hancock's claim that it is entitled to one-third of the amount by which Abbott's aggregate spending on the Program Related Costs fell short of \$614 million (a \$21.8 million claim). If the Court does not grant Abbott's motion and Mr. Friedman presents any new analysis of the Program Spending Shortfall Claim, Mr. Tucker will evaluate any modification to Mr. Friedman's opinions resulting from the new analysis. (Hearing transcript, 9/19/07)

Rescission Of The Agreement

Mr. Tucker understands that the Court has indicated that it is inclined to grant Abbott's motion to dismiss Hancock's claim for rescission damages. If the Court does not grant Abbott's motion to dismiss, new information since the Initial Tucker Report is relevant to this issue. Hancock has produced additional financial documents and several Hancock witnesses have testified regarding Hancock's estimated rate of return on the investment with Abbott. These additional financial documents indicate that Hancock's expected rate of return from the Abbott investment was higher than the rate of return Hancock seeks to achieve for a transaction with a comparable level of risk. Wilma Davis and Stephen Blewitt testified that the 17.5% expected rate of return on the Abbott investment was higher than the U.S. treasury yield plus a spread corresponding to the risk level and duration of the investment. This new information is further evidence calling into question Hancock's assertion that it may not have entered into the Agreement if it had known the true development status of the Program Compounds. (Hearing transcript, 9/19/07; JHII021462; Davis deposition, 5/7/07; Blewitt deposition, 5/16/07)

Case 1:05-cv-11150-DPW

Supplemental Documents Considered

Depositions

Deposition and Exhibits of Stephen Blewitt, Vol 2. dated 5/16/07 Deposition and Exhibits of Andrea Landsberg, dated 2/16/07 Deposition and Exhibits of Lynn Klotz, Vol 2, dated 5/16/07 Deposition and Exhibits of Christopher Silber, dated 2/9/07 Deposition and Exhibits of Keith Hendricks, dated 4/27/07 Deposition and Exhibits of Jessica Hopfield, dated 6/18/07 Deposition and Exhibits of Bruce McCarthy, dated 3/16/07 Deposition and Exhibits of Deirdre Daesen, dated 3/21/07 Deposition and Exhibits of Alan Friedman, dated 5/24/07 Deposition and Exhibits of John Leonard, dated 11/30/06 Deposition and Exhibits of Jeffrey Leiden, dated 4/26/07 Deposition and Exhibits of Azmi Nabulsi, dated 1/24/07 Deposition and Exhibits of Perry Nisen, dated 11/22/06 Deposition and Exhibits of Stan Bukofzer, dated 5/9/07 Deposition and Exhibits of John Leonard, dated 6/1/07 Deposition and Exhibits of Wilma Davis, dated 5/7/07

Deposition and Exhibits of Avram Tucker, dated 6/27/07 Deposition and Exhibits of Tom Woidat, dated 4/10/07 Mark Hair Deposition Exhibits, dated 11/2/06 D'Amico Deposition Exhibits, dated 10/26/06 D'Amico Deposition Exhibits, dated 11/28/06 Campbell Deposition Exhibits, dated 2/20/07 Deemer Deposition Exhibits, dated 10/27/06 Martinez Deposition Exhibits, dated 11/3/06 Martinez Deposition Exhibits, dated 3/22/07 Formey Deposition Exhibits, dated 11/16/06 Thomas Deposition Exhibits, dated 4/26/07 Andrews Deposition Exhibits, dated 4/4/07 Looman Deposition Exhibits, dated 2/1/07 Loberg Deposition Exhibits, dated 2/2/07 ee Deposition Exhibits, dated 11/7/06

Pleadings

Plaintiff John Hancock's Responses and Objections to Defendant Abbott Laboratories' Third Set of Interrogatories, dated 4/30/2007 Abbott's Responses and Objections to Notice of Deposition of Avram Tucker, dated 6/1/07 Further Revised Notice of Deposition of Avram Tucker, dated 6/20/07

Statement of Undisputed Facts in Support of Plaintiffs' Motion for Partial Summary Judgment on Count II of First Amended Supplemental Complaint, dated 7/20/07

Abbott's Response to Hancock's "Statement of Undisputed Facts in Support of Plaintiffs' Motion for Partial Summary Judgment on Count II of First Amended Supplemental Complaint" (Corrected Version), dated 8/21/07

Hearing Transcript, 9/19/07

Page 5 of 6

Supplemental Documents Considered

Attachment A

Pleadings (Cont'd)

Abbott's Memorandum in Support of Motion in Limine to Exclude Testimony of Mr. Alan Friedman, dated 10/12/07

Affidavit of Keith Hendricks, dated 10/12/07

Affidavit of Eric J. Lorenzini in Support of Abbott Laboratories' Motion in Limine to Exclude Testimony of Mr. Alan

Friedman and Attached Exhibits, dated 10/12/07

Plaintiff's Memorandum in Opposition to Defendant's Motion in Limine to Exclude Expert Testimony of Mr. Alan

Friedman, dated 10/19/07

Affidavit of Everett P. Harry, dated 10/19/07

Affidavit of Jack M. Kloeber, Jr., Ph.D., dated 10/19/07

Affidavit of Stacy L. Blasberg and Attached Exhibits, dated 10/19/07

Abbott Laboratories' Reply in Support of Motion in Limine to Exclude the Expert Testimony of Mr. Alan Friedman, dated 10/23/07

Supplemental Affidavit of Eric J. Lorenzini in Support of Abbott Laboratories' Motion in Limine to Exclude Testimony of

Mr. Alan Friedman and Attached Exhibits, dated 10/23/07

Supplemental Affidavit of Keith Hendricks, dated 10/23/07

Hearing Transcript, 10/25/07

Second Amended Supplemental Complaint, dated 11/8/07

Other Documents

Abbott Projections for ABT-773 (ABBT0577855-0577884)

Hancock Program Funding Scenarios, Phase-by-Phase Success Rate Computations, "2006 Actual Scenario" Low and Base

Nominal Sales Forecast Estimate (CRA 00127-00152)

Plaintiff John Hancock's Responses to Interrogatories #21-23 (JHII021650-021712)

Hancock Portfolio Review Reports (JHII 021946-021961)

Monte Carlo Analysis (JHII021962-021979) ALS 10-Q, filed 11/10/05

ALS 10-Q, filed 5/11/06

ALS 10-Q, filed 8/14/06

Document 257-7

Supplemental Documents Considered

Other Documents (Cont'd)

ALS 10-Q, filed 11/8/06

ALS 10-Q, filed 5/9/07

ALS 10-K, filed 3/15/06

ALS 10-K, filed 3/22/07

ALS 10-K/A, filed 5/9/07

ALS Third Quarter 2005 Results, dated 11/7/05

ALS Press Release, dated 12/6/05

ALS Press Release, dated 1/5/06

ALS First Quarter 2006 Results, dated 5/9/06

BusinessWeek Article, "Don't Sneeze At Advanced Life Sciences", dated 7/3/06

ALS Second Quarter 2006 Results, dated 8/8/06

ALS Press Release, dated 9/29/06

ALS Press Release, dated 10/13/06

ALS Third Quarter 2006 Results, dated 11/7/06

Chicago Sun Times Article, "Advanced Life Sciences' antibiotic nears OK", dated 2/27/07

ALS Press Relcase, dated 3/14/07

ALS Fourth Quarter and Full Year 2006 Results, dated 3/21/07

BusinessWeek Article, "Advanced Life Sciences Is Advancing On Anthrax", dated 4/2/07

ALS Press Release, dated 5/2/07

ALS First Quarter 2007 Results, dated 5/8/07

MidwestBusiness.com Article, "Advanced Life Sciences Stockpiling Anthrax Antibiotic", dated 5/10/07

ALS Press Release, dated 6/21/07

ALS Press Release, dated 11/15/07

John G. Poulos Group Vice President Pharmaceutical Licensing and New Business Development. Abbott Laboratories Dept. R50A, Bldg. AP34-2 200 Abbott Park Road Abbott Park, IL 60064 Tel: (847) 938 7598 Fax: (847) 938 6807 Cell: (847) 772 8618 john.poulos@abbott.com

January 9, 2008

VIA E-MAIL AND FEDERAL EXPRESS

Mr. Stephen J. Blewitt Senior Managing Director Bond & Corporate Finance Group John Hancock Life Insurance Company John Hancock Place Post Office Box 111 Boston, MA 02117

Re: Research Funding Agreement Update Correction

Dear Steve:

On November 20, 2007, Suzanne A. Lebold sent a letter to you attaching Abbott's preliminary Annual Research Plan for 2008 and a report concerning the status of the Research Program and Program Related Costs for 2007. I have enclosed a copy of that letter for your convenience.

In the first page of the attachment to the letter ("Global Pharmaceutical Research and Development, Hancock Collaboration, Spending by Program"), Abbott inadvertently underreported Abbott's actual spending on the Research Program from 2001-05. The correct spending figures are reflected in Abbott Laboratories' Amended Responses and Objections to Plaintiffs' Second Set of Interrogatories, which was verified by Kenneth Stiles and served on John Hancock on August 3, 2007. The basis for the corrections is set forth in the letter from Eric J. Lorenzini to Brian Davis, dated September 18, 2007. I have enclosed both of those documents for your reference.

Sincerely,

John G. Poulos Group Vice President

Global Pharmaceutical Licensing & New Business Development

cc: Via Federal Express

John Hancock Life Insurance Co. 200 Clarendon Street, T-57

1 aula

Boston, MA 02117

Attn: Bond & Corporate Finance Group

John Hancock Life Insurance Co. 200 Clarendon Street, T-50 Boston, MA 02117

Attn: Investment Law Division

MUNGER, TOLL & & OLSON LLP

GRNIA 50071-1569

RANGIBGO, CA PRNIA 94109-2907

September 18, 2007

STOP CHIECET LINE (213) 683-9207 (213) 193-2907 FAX

Eric.Lorenzini@mto.com

SENT BY E-MAIL

Brian Davis Choate, Hall & Stewart Two International Place Boston, MA 02110

Re:

John Hancock v. Abbott Laborat des

Dear Brian:

I am responding to your email, dated August 7, 2007, regarding Abbott's amended response to Interrogatory No. 15.

As you know, Abbott's original response to Interrogatory No. 15 set forth actual As you know, Abbott's original response to Interrogatory No. 15 set forth actual spending on the Program Compounds during the four year period from 2001 to 2005, as requested by Hancock. After the close of discovery, Hancock sought to revise its interrogatory to request information regarding spending during the period from March 13, 2001 to December 31, 2001. Abbott did not believe Hancock had any right to revise its interrogatory in this manner after the close of discovery. Nonetheless, as a compromise Abbott and Hancock agreed that Abbott would amend its interrogatory response and any Abbott and Hancock agreed that To obtain the information requested by Hancock, Abbott conducted extensive additional investigation, including review of financial records and interviews with Abbott financial personnel. In the course of this investigation, Abbott discovered additional expenditures on the Program Compounds that were not reflected in the original interrogatory response drafted by A scott's former counsel in this case, Winston and Strawn. Accordingly, Abbott updated its interrogatory response to include the monthly

Filed 02/18/2008

Page 3 of 16

MUNGER, TOLLES & OLSON LLP

September 18, 2007 Page 2

expenditure figures requested by Hancock, as we as the newly discovered expenditure information.

Abbott disagrees with your contention the "additional discovery, including depositions," is necessary to understand the updated information in the amended interrogatory response. As stated in the verified interrogatory response, Abaset produced, concurrently with the response, the financial documents (prepared in the ordinary course of business) from which the actual spending figures were derived. Hancock has no ght to additional discovery regarding this matter. Nonetheless, as a courtesy, we voluntary set forth below the newly discovered information regarding actual expenditures that is effected in the amended response to Interrogatory No. 15. In exchange for your agreement to withdraw your request for additional discovery, we would be willing to submit a verification attesting to these facts.

Basis for Updated Information in Resignse to Interrogatory No. 15

Abbott discovered expenditures between sanuary 2001 to July 2001 on development of ABT-100 (FTI) (\$5.6 million) and ABT-724 (EL Dopamine) (\$4.9 million) that were not reflected in the original interrogatory response. The actual expenditures on ABT-100 and ABT-724 in 2001 are reflected on the financial report produced to Hancock. See ABBT0578006, ABBT0578012-13.

Abbott discovered milestone payments to Wakunaga Pharmaceutical for the development of ABT-492 (quinolone) in 2001 (\$3 million) at \$2002 (\$3.5 million). See ABBT0578007 (2001 report reflecting "License Pymt/Royalty" \$3 million); ABBT0578017 (2002 report listing \$3.5 million on the "License Pymt/Royalty" line). According to the terms of the Research Funding Agreement, these are Program Related sosts. RFA, § 1.43(ii)(b);

Abbott discovered expenditures in 2002 Abbott's Ludwigshafen facility in Germany on development of several Program Compound. These expenditures are listed on the "LU" line of the financial reports produced to Hancock. See ABBT0578017 (ABT-492, \$1.5 million); ABBT0578018 (ABT-510, \$0.4 million); ABBT0578019 (ABT-627, \$2.1 million); ABBT0578020 (ABT-724, \$1 million); ABBT0578021 (ABT-751, \$0.1 million).

As of August 3, 2007, we had been unable to locate records confirming all of the originally reported spending on ABT-773 in 200 and 2002 so we amended the interrogatory response to correspond with the lower figures listed in the Global Delivery Expense Report ("GDER"). In response to your August 7 email we have conducted further inquiry and located records reflecting additional spending on ABT-3 in 2001 (\$0.3 million) and 2002 (\$1.8 million, largely due to expenditures on the Japan Program) that were not reflected in the GDER. but which we have confirmed were actual expensioners on the development of ABT-773. I am enclosing a copy of Abbott's COMPASS (COMPRehensive Project Accounting System) report reflecting those expenditures, as well as a spread theet breaking down the 2001 expenditures by month. See ABBT0578039-70.

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September 18, 2007 Page 3

The amended interrogatory response also scludes a few other minor miscellaneous adjustments to accurately reflect the expenditurer is reflected in the financial records. See e.g., ABBT0578017 (ABT-492, 2001 report); ABBT0.78018 (ABT-510, 2001 report); ABBT0578033 (ABT-627, 2004 report); ABBT(78036 (ABT-510, 2005 report); ABBT0578037 (ABT-627, 2005 report).

January, February and March 2001 Extenditures

Your email wrongly contends that "Abbot agreed to supplement its interrogatory responses to provide John Hancock with its actual monthly spending numbers for January, February and March 2001 in addition to providing the summary-level backup documentation upon which it relies. Abbott did the latter, but nee the former." Abbott's amended interrogatory response attached as Exhibit A the expense reports setting forth Abbott's monthly expenditures on the Program Compounds in January, Februar, and March 2001. Exhibit A was as much a on the Program Compounds in January, represent and March 2001. Exhibit A was as much a part of Abbott's verified interrogatory response as the text in the body of the response. It is unclear what purpose Hancock believes would have been served by copying the monthly expenditures listed in Exhibit A into the body of the response. Nonetheless, for your convenience, the table below again provides Harcock with the monthly expenditures on the Program Compounds in January, February, and Parch 2001 (in thousands), including the adjustments based on the newly discovered information regarding actual expenditures on ABT-773 in 2001 that is described above:

	January 2001	February 2001	March 2001
ABT-100 (FTI)	649	716	953
ABT-492 (Quinolone)	1119	192	1563
ABT-510 (TSP)	548	751	805
ABT-518 (MMPI)	481	503	621
ABT-594 (Neuro Pain)	1123	317	988
ABT-627 (Endothelin)	2177	2293	2396
ABT-724 (ED)	471	696	725
ABT-751 (Anti- mitotic)	450	507	579

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MUNGER, TOLLES & OLSON LLP

September 18, 2007 Page 4

•			
ABT-773 (ketolide)	8,817	* ,969	9,758
Total	15,835	\$6,544	18,388

Please let me know if you have any questions

EJL:mac1

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

JOHN HANCOCK LIFE INSURANCE COMPANY, JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY, and)))
MANULIFE INSURANCE COMPANY (f/k/a INVESTORS PARTNER LIFE INSURANCE)
COMPANY),) CIVIL ACTION NO. 05-11150-DPW
Plaintiffs,	
v.)))
ABBOTT LABORATORIES,	j ,
Defendants,)

ABBOTT LABORATORIES' AMENDED RESPONSES AND OBJECTIONS TO PLAINTIFFS' SECOND SET OF INTERROGATORIES

Defendant Abbott Laboratories ("Abbott"), by its undersigned counsel and pursuant to Rule 33 of the Federal Rules of Civil Procedure and Local Rules, hereby responds and objects the Second Set of Interrogatories of Plaintiffs John Hancock Life Insurance Company, John Hancock Variable Life Insurance Company, and Investors Partner Life Insurance Company's (collectively, "Hancock").

GENERAL OBJECTIONS AND RESPONSES

The following General Objections and Responses apply to each and every one of the numbered interrogatories below, and the General Objections and Responses shall be deemed continuing as to each interrogatory and are not waived, or in any way limited, by the specific objections and answers to any individual interrogatory.

1. Abbott objects to the "Definitions and Instructions" set forth in Hancock's interrogatories, as well as the interrogatories themselves, to the extent that Hancock seeks to require Abbott to provide information beyond that required by the Federal Rules of Civil Procedure or Local Rules of the Court.

- 2. Abbott objects to each Interrogatory to the extent that it seeks information or documents protected by the attorney-client privilege, the work product doctrine, or any other applicable privileges.
- 3 Abbott objects to each and every Interrogatory to the extent that it is overly broad in scope or time and unduly burdensome.
- 4. Abbott objects to each and every Interrogatory to the extent that it calls for information that is not relevant to any of the claims or defenses in this litigation.
- 5. Abbott objects to each and every Interrogatory to the extent that it calls for information outside of Abbott's possession, custody, or control.
- 6. To the extent that Abbott responds to specific Interrogatories to which it has objected, Abbott's objections are not waived by the furnishing of such information and Abbott reserves the right to maintain such objections with respect to any additional information.
- 7. To the extent that Abbott responds to a specific Interrogatory, Abbott does not admit Plaintiffs' characterizations of any documents, facts, theories, or conclusions.
- 8. To the extent that Abbott responds to a specific Interrogatory, Abbott does not admit the relevance of such information to the subject matter of this litigation. Further, by responding to Hancock's interrogatories, Abbott is not waiving any applicable privileges nor shall the inadvertent disclosure of any privileged information operate as a waiver of any applicable privilege or immunity from discovery.

- 9. The responses to these Interrogatories are based on information currently known to Abbott and its current employees, and Abbott expressly reserves the right to supplement its responses to these Interrogatories with further additional information and documents as such information and documents become available to Abbott in the course of this litigation.
- 10. Except where specifically indicated below, the individuals identified in response to these interrogatories are all current or former employees of Abbott to be contacted only through counsel of record for Abbott herein.
- 11. Abbott objects to these interrogatories on the ground that in total, including all discrete subparts, they exceed the total number of interrogatories permitted by the Federal Rules of Civil Procedure, Local Rules and any Orders entered by the Court in this case.

Subject to these General Objections and Responses, and without waiving the same, Abbott states as follows:

SPECIFIC OBJECTIONS AND RESPONSES

Please state Abbott's actual spending on Program Related Costs 15. for each Program Compound during each year of the four-year Program Term (i.e., 2001 through and including 2004), and during the subsequent year commencing immediately after the end of the Program Term (i.e., 2005).

Response: Abbott specifically objects to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to these specific objections and its General Objections and Responses, and without waiving them, Abbott states that its actual spending on Program Related Costs for each of the Program Compounds for the period 2001-2005 is set forth below:

Page 9 of 16

Number	Name	2001	2002	2003	<u>2004</u>	<u>2005</u>	<u>Total</u>
ABT-100	FTI	3.6	2.4	0.0	0.0	0.0	6.0
ABT-492	Quinolone	20.1	28.2	4.1	0.0	0.0	52.4
ABT-510	TSP #1	8.8	12.3	18.5	23.6	16.2	79.4
ABT-518	ммрі	3.7	0.0	0.0	0.0	0.0	3.7
ABT-594	Neuro Pain	7.8	1.4	0.0	0.0	0.0	9.2
ABT-627	Altrasentan Base	34.1	48.1	50.7	38.4	38.7	210.0
ABT-627	Altrsentan Hormone Naïve Prostate Cancer	0.0	1.2	2.5	2.3	3.3	9.3
ABT-627	Japan	0.0	0.1	0.2	1.5].5	3.3
ABT-627	Non-Prostate Cancers	0.0	0.0	0.2	1.0	0.9	2.1
ABT-724	Dopamine 4 Agonist	3.2	5.5	0.8	0.0	0.0	9.5
ABT-751	Anti-Mitotic	6.5	9.6	11.0	13.5	12.3	52.9
ABT-773	Base	80.3	13.8	(0.9)	0.3	0.0	93.5
ABT-773	Japan	1.4	1.9	0.0	0.0	0.0	3.3
	Total	169.5	124.5	87.1	80.6	72.9	534.6

Amended Response: Abbott specifically objects to this interrogatory on the grounds that it is vague, ambiguous, overly broad and unduly burdensome. Subject to these specific objections and its General Objections and Responses, and without waiving them, Abbott responds as follows:

After meeting and conferring with Hancock, Abbott agreed to amend its response to this interrogatory to state its actual monthly spending on each of the Program Compounds in January, February, and March 2001. In the course of preparing its amended interrogatory response, Abbott discovered some inadvertent errors in its original response. Abbott's corrected actual calendar year spending on Program Related Costs for each of the Program Compounds for the period 2001-2005 is set forth below:

Number	Name	2001	2002	2003	2004	2005	<u>Total</u>
ABT-100	ना	9.2		0.0	0.0	0.0	11.6
ABT-492	Quinolone	23.1	32.8	4.1	0.0	0.0	60.0
ABT-510	TSP #1	8.8	12.8	18.5	23.6	16.1	79.8

ABT-518	MMPI	3.7	0.0	0.0	0.0	0.0	3.7
ABT-594	Neuro Pain	7.8	1.4	0.0	0.0	0.0	9.2
ABT-627	Altrasentan Base	34.1	51.8	53.6	43.4	44.6	227.5
ABT-627	Altrsentan Hormone Naïve Prostate Cancer	-	-				
ABT-627	Japan						
ABT-627	Non-Prostate Cancers		-				
ABT-724	Dopamine 4 Agonist	8.1	6.5	0.8	0.0	0.0	15.4
ABT-751	Anti-Mitotic	6.5	9.7	11.0	13.5	12.3	53.0
ABT-773	Base	80.8	13.9	(0.9)	0.3	0.0	94.1
ABT-773	Japan	-	-		-	_	•
	Total	182.1	131.3	87.1	80.8	73.0	554.3

Abbott's actual monthly expenditures on each Program Compound in 2001 are reflected in the Abbott expense reports attached hereto as Exhibit A. Please note that expenditures on the ED Program (ABT-724) are the sum of the expenditures reported on pages A-38 and B-4. Abbott also is producing concurrently with this amended interrogatory response expense reports reflecting the actual expenditures on each Program Compound from 2002 through 2005.

In addition to the expenditures that are listed above and in the attached expense reports, Abbott made management fee and/or milestone payments to Hancock in the amount of \$10 million in 2002, \$2 million in 2003, and \$2 million in 2004, which constitute Program Related Costs under Section 1.43 of the Research Funding Agreement.

Please state whether any of the representations or warranties 16. made by Abbott in Section 12.2 of the Research Funding Agreement were untrue or inaccurate in any way as of March 13, 2001.

Response: Abbott specifically objects to this interrogatory on the grounds that it is grossly compound, overly broad and unduly burdensome. Because Section 12.2 of the Research Funding Agreement incorporates by reference nine other documents, containing hundreds of sentences, the task of determining whether any of the

representations or warranties made in Section 12.2 are "untrue" or "inaccurate" "in any way" is unduly burdensome. Moreover, if every sentence in Section 12.2 and the documents incorporated therein are considered representations and warranties, the request exceeds the number of interrogatories permitted (including subparts) in this litigation. Abbott also objects to this interrogatory because it seeks information protected from disclosure under the attorney-client privilege and attorney work product doctrine. This interrogatory seeks, inter alia, Abbott's legal analysis and conclusions as to which statements contained in the numerous documents attached to the Agreement and incorporated into Section 12.2 constitute a representation or warranty and also whether or not any such representations or warranties were untrue or inaccurate in any way. As a result, this interrogatory cannot be answered without disclosing attorney work product and attorney-client privileged communications, and any response by Abbott would be intertwined with the mental impressions, conclusions, opinions, and legal theories of its counsel as a result of its investigation of the claims made by Hancock in this case. Finally, Abbott objects to this interrogatory on the ground that it attempts improperly to shift the burden of proof from Hancock to Abbott on Hancock's claims in this case.

17. If your answer to Interrogatory No. 16, supra, is anything other than an unqualified negative, please state in as much detail as reasonably possible which specific representations or warranties made by Abbott in Section 12.2 of the Research Funding Agreement were untrue or inaccurate as of March 13, 2001 and why.

Response: Abbott incorporates by reference its response to Interrogatory No. 16.

ABBOTT LABORATORIES

By its attorneys

Eric J. Lorenzini

Jeffrey I. Weinberger (Admitted Pro Hac Vice) Gregory D. Phillips (Admitted Pro Hac Vice) Eric J. Lorenzini (Admitted Pro Hac Vice) Ozge Guzelsu (Admitted Pro Hac Vice) MUNGER, TOLLES & OLSON LLP 355 South Grand Avenue, 35th Floor Los Angeles, CA 90071 (213) 683-9100

and

Michael S. D'Orsi Peter E. Gelhaar (BBO #188310) Michael S. D'Orsi (BBO #566960) DONNELLY, CONROY & GELHAAR LLP 1 Beacon St., 33rd Floor Boston, Massachusetts 02108 (617) 720-2880

Dated: Aug. 3, 2007

VERIFICATION

I, Kenneth Stiles, state under penalties of perjury that: I am Assistant Controller for Global Pharmaceutical Research and Development at Abbott Laboratories ("Abbott"). I have read the foregoing responses to interrogatories and know the contents thereof, that said answers were prepared with the assistance and advice of counsel and employees of Abbott; that the responses set forth herein, subject to inadvertent or undiscovered errors, are based on and therefore necessarily limited by the records and information still in existence, presently collected and thus far discovered in the course of the preparation of these answers; that Abbott reserves the right to make any changes in the responses if it appears at any time that omissions or errors have been made therein or that more accurate information is available; and that, subject to the limitations set forth herein, the responses are true to the best of my knowledge, information and belief.

Interrogatory answers signed under the pains and penalties of perjury this 3rd day of August, 2007.

Kenneth Stiles

.

Exhibit A

CONFIDENTIAL ABBT0578006

COMMENTS

PHARMACEUTICAL PRODUCTS RAD GLOBAL DISCOVERY PROJECT EXPENSE REPORT FANNESYLTRÂNSFERÂSE

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Research Information Cur	-	•	2	~	~	8	ī.	i	i	i	i	i	.1	. 3	į
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Regulatory Affairs	.	•	1-3	~ 1	•	\$	~	*	=	ㅊ	2	=	7	8	Ē
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Investigational Drug QA	~	-	~	~	•	•	~	1	≌	'n	•	ľ	99	ß	98
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COMMENTS:

A) Unfavorable PARD variance due to effort on Injurity and color issues, is with as an apparent underestimate of the required effort in the April Update.

PHARMACEUTICAL PRODUCTS RED GLOBAL DEINEAY PROJECT EXPENSE REPORT TSP PEPTIDE ABTS 10

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	ori ori	扭	High	And	T A	MONTHLY RESULTS	A A A	Asse	Year.	ä	<u>8</u>	ă	Tage Total	Approved	Хĸ
Discovery	7	₹	787	191	2	96	7	8	3	19	₫	24	1,247	1,704	457
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Metabolism	*		¥	60	2	ş	*7	00	71	=	Ŧ	E	144	1 045	7.70
Toracciogy/Pathology	74	2	~	•	±	2	â	~	, ~	-	• -	; -	Ą	3	<u> </u>
Comparative Medicine	ŧ	-	~	-	~	•	`~	_	~	۱ ۱	_	-	? =	•	. 45
Stratogic and Exploratory	i	1	i	i		1			1		•		•		Ē
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Outcomes Res/Admin	1	1	1	;	1	1						,		1	
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Blostatisdes	7	7	•	5	7	17	_	•	· =	=	-	•	=	2	i v
Research Information Ctr	ī	-	-	v	=	9	. £	• •		į	. 1	, ;			•
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Venture Management	∓	8	98	8	×	Ř	2	2	G	2	袋	£	789	756	(C)
PARD	88	158	8	136	\$	ĕ	2	Ξ	R	=	=	*	134	1,139	(255)
Regulatory Affairs	_	^	i	•	•	*	.	^	~	2	~	_	3	Z	9
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Other	1	_	1	1	i	1	1	i	i	1	i	1	-	₹	a
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A) Increase due to higher manufacturing costs at Cook,

B) Oday in ROSS submissions and 5 month extension of end data for MDI-302.

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PHARMACEUTICAL PRODUCTS RAD GLOSAL DELVERY PROJECT EXPENSE REPORT MMPI DEVELOPMENT ASTT79/ABTS 18

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Investigational Drug QA	_	S	~	*	ı	-	ŧ	;	-	ī	-	!	<u>e</u>	2	4
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PHARMACEUTICAL PRODUCTS RAD GLOBAL DELIVERY PROJECT EXPENSE REPORT CCM ABT194

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Discovery Drug Saleno	ы	2	'n	Ξ	4	*	æ	u	-	-	-	i	r	<u>~</u>	5
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Toxicology/Pathology	8	97	159	*	3	: 3	=	: _	- =	ñ	. 2	۲ :	645	69	?
Comparative Medicine	~	i	i	i	3	-	-	i	1	i		•	-	2	**
Stratogic and Exploratory	1	:	ŧ	ŧ	ŧ	ı	i	ŧ	*	ì	3	:		i	i
Medical Affairs									•	•		•	i	1	i
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Medical Services	-	-	-	1	_	-	-		~		i i	-	2	•	; €
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Development Operations														ı	
Data Management	<u>6</u>	2	ž	77	7	_	~	~	~	ì	F	_	<u>\$</u>	243	2
Biotodetics	n	Ξ	#	70	2	36	=	=	5	=	~	5 0	272	129	(143)
Research Information Ctr	~	~	^	-	'n	<u>e</u>	i	ı	i	ı	1	ì	;	2	2
Information Migrat & Tech	i	ŧ	ł	I	ŧ	1	:	3	1	i	1	i	1		ŧ
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Grants - Domestic	8	1	1	1	i	ï	ı	1	•	i	i	ı	8	9	i
R&D Project Services	ŧ	-	_	!	ı	_	I	I	~	•	-	€	•	£	39
International Officians	i	ł	•	1	1	ī	1	ī	•	ŧ	Ŧ	1	1	i	:
Venture Management	655	139	S)	=	(395)	52	320	룕	웃	2	ጀ	\$	4,168	3,655	(213)
PARD	69	<u>2</u>	2	<u> </u>	7	룕	2	88	2	2	2	≂	1,356	-048 	(900)
Regulatory Affairs			~	~	•	×	2	*	~	•	~	•	7.	132	29
Research QA	Ī	5	9	2	<u>6</u>	=	-0	<u>&</u>	S	m	•	~	621	æ	(48)
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Investigational Drug QA	~	ī	-	ŧ	ī	ŧ	ŧ	-	1	-	ł	€	₩	X	Z.
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Total	1,123	8	886	373	(324)	789	3		+	25	200	N .	7,87	8,210	787
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A) Universible virtance due to miliatione budgeding. The Plan is for 6 months of work, while the system projects it over 12 months. Venture is currently, the venture is at a "go" "no go" decision. If a "no-go" decision is granted, the venture has identified approx. \$1.5MM in expenses that would not be incurred. If a "go" decision is granted approx. \$4.9MM would be required to fund the project for the rest of the year. COMMENTS

Discovery					Ĕ	こうりょう しょうし	ב ב ב							Photos	
Discovery	S	4	March	Anril	Ž	Partie	April 1	AIR	3	č	202	Ž	1001	API.	Š
Discovery	ł			1			i	į	1	â	i	â		3	\$
	7	<u>-</u>	2	•	ī	m	~	*	ដ	\$	₹	2	77	160	(63)
One Safety															•
Metabolism	=	2	Z	2	\$	<u> </u>	÷	35	-	2	Ħ	Ç	420	\$	571
Toxicology/Pathology	i	_	i	i	-	•	~	:	ı	•	ı	~	7	*	326
Comparative Medicine	m	3	1	ī	į	:	ì	:	ŧ	ŧ	:	i	٠,	36	23
Strategic and Explorationy	•	1	i	i	1	1	1	;				. 1		i	1
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Outcomes Res/Admin	Ξ	22	2	2	38	•	2	×	. 38	<u> </u>	2	5	104	י אני	(36)
Modical Services	9	_	2	9	2	•	11	9	=	2	2	=	2	ì ≊	<u> </u>
Phase-IV	ŧ	ŧ		•	‡		. 3	! i	. 1	: !		Ē	=		(8)
Phase-I Center				i	1	1	I	i	ľ	!	!	ì	}	1	777
Clinical	92	22	Ü	~	2		92	3	2	3	£	2	Ş	÷ 6	230
ACPRU - Direct		•	. (! !	; ;	: 1	; ;		, ,	1)	*	70,	9
Dovelopment Operations	•		•	I	i	ı	i	ı	•	ŀ	•		•	3	3
Data Management	56	-2	3	#	22	33	×	33	=	S	**	<u>.</u>	ž	1594	1501
Blostatitics	٤	6	8	5	29	3	\$	Z	2	25	3	3	998	7	(123)
Research Information Ctr	Ŋ	~	=	•	~	Ê	E		1	1		; 1	•		1
Information Plant & Tech	Ŧ	i		;	1	i	1	1	ł	1	1	i	Ī	4	7
International Manpower	מ	=	-	2	≃	_	~	_	9	i		2	8	2	22
Grants - Domestic	200,1	200,1	(.035	1,015	776	910'1	(C)		C-6.	£.	1,719	2,655	17,371	18,044	673
RAD Project Servious	2	~	•	2	1	2	^	~	•	×	~	දි	i	22	22
International Directors	2	=	25	*	2	2	2	~	n	82	*	=	784	154	(130)
Venture Management	25	200	ž	950	316	7	712	£ 2	571	3	424	713	166'9	9659	(395)
PARD	217	£	Ş	22	238	553	Ħ	=	2	365	ž	955	5,139	3,562	(1,577)
Regulatory Affairs	7	=	=	Ħ	9	*	±	22	Ĭ	*	≈	=	246	415	691
Research QA	⊼	Ξ	~	\$1	11	=	*	60	=	~	77	•	127	438	ioz
Ro-org														ŗ	
Imetitigational Drug QA	2	=	*	<u> </u>	2	2	<u>6</u>	9	•	≏	=	•	196	797	99
52		₹	₹	\$	₹	₹	₹	\$	326	Ŧ	Ç	\$	484	89	194
License Pyma/Royalty	I	ŧ	į	ŧ	F	ī	ì	š	3	ì	1	1	i		ï
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Total	2.177		2,396	1,664	1,767	3,720	742	7,016). 	25	2873	* 94.	X107	35,874	1,767
				# # #	H H H	1) 11 11 11			11 11 12 13		11 11	9 11 11		t t	11 11 11
COMMENTS	A) Increase in PARD due to fast chinute charges from Cook	Sel co euto '	t minutes ch	trees from	Sect										

A) Increase in PARD due to fast mittee durges from Cook.

B) Actural for M00-244 delayed I month/I month delay in ROSS submission M01-304, offer by actelerated spending.

C) M01-283 Qut study on hold

COMMENTS

PHARMACEUTICAL PRODUCTS RED GLOSAL DISCOVERY PROJECT EXPENSE REPORT ERECTILE DYSFUNCTION

	ž	MONITURY BEGIN TO	1										A OTA	Angroved	4
	3	3		Page 1	NA NA NA	aun	轲	H	ğ	ä	20	Sa Ca		7	Ķ
Discovery Administrative Overhead	59	29	\$9	\$9	\$9	I	Ş	3	\$9	\$9	Ş	Ş	77	779	ŧ
Discovery Functional	35	\$	<u>\$</u>	<u>8</u>	88	2	2	×	230	113	55	734	2,562	0777	(242)
Discovery Svc ProtySolid-Internal	ī	22	ž	38	346	3	17	=	<u>~</u>	2	\$	8	2.846	1,67	C. 173
Discovery Service Sold-External	I	i	•	1	Ī	*	f	i	1	I	i	1	ì	ŀ	
Total Clacovery (last overhead)	319	578	ß	2	836	655	230	3	2	35	32	<u>*</u>	5,408	3,692	(1,516)
Drug Safety										٠					
Mezbolism	±	7	ĸ	Z	\$	\$	9	2	Ä	¥	×	ដ	9	ĕ	(<u>c</u> 1
Textcology/Fathelogy	~	Ф	~	2	7	2	•	<u>e</u>	œ	=	=	z	563	~	(161)
Comparative Medicine	8	2	2	3	\$	\$	Z	¢	8	\$	÷	\$	183	¥ť.	2
Stratigite and Exploratory	Į		3	1	•	!	ī	3	1	£	3	i		t	1
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PHARMACEUTICAL PRODUCTS RAD GLOBAL DELIVERY PROJECT EXPENSE REPORT EISAN ABT-751

28-jan-02 PAGE 8-20

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COMMENTS														•	

A) Delay in ROSS submission M00-231 & M01-303

PHARMACEUTICAL PRODUCTS RAD GLOBAL DELIVERY PROJECT EXTENSE REPORT KETOLIDE ABT773

28-jan-02 PAGE B-8

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Discovery	281	219	598	20	23	786	210	1,2	514	784	258	7	2,734	2,419	(315)
Metabolism	¥	78	105	I	4	6	Ç	69	85	151	97	9	1.154	1,006	(148)
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Comparative Medicine	\$	15	2	~	===	į	'n	10	=	*	: '	. W	286	*	\$
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A)Unfavorable variance due to centation of a dog study in the April Update by Comparative Medidne.

B) Decrease in Clinical Grant expense reflects increase in duration of Phase III studios.

C) Favorablo SPD variance reflects delay in receipt of bulk drug.

PROOF OF SERVICE

- I, Marie A. Contreras, declare:
- 1. I am over the age of 18 and not a party to the within cause. I am employed by Munger, Tolles & Olson LLP in the County of Los Angeles, State of California. My business address is 355 South Grand Avenue, Suite 3500, Los Angeles, California 90071-1560.
- 2. On August 3, 2007, I served the original and/or a true and correct copy of the document entitled ABBOTT LABORATORIES' AMENDED RESPONSES AND OBJECTIONS TO PLAINTIFFS' SECOND SET OF INTERROGATORIES on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope, mailed as marked below, and addressed as follows:

See Attached Service List

X	U.S. Mail: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing affidavit.
	Federal Express: I am "readily familiar" with the firm's practice of collection and processing correspondence for delivery to an employee of Federal Express. Under that practice it would be delivered to an employee of Federal Express on that same day at Los Angeles, California with charges to be billed to Munger, Tolles & Olson LLP's account to be delivered to the offices of the addressee(s) on in the ordinary course of business.
I de	clare under penalty of perjury that the foregoing is true and correct.

Executed on August 3, 2007, at Los Angeles, California

Manle A. Contreras

SERVICE LIST

Hancock, et al. v. Abbott Laboratories Case No. 05-11150-DPW

Joseph H. Zwicker Choate, Hall & Stewart LLP Two International Place Boston, MA 02110 Telephone:(617) 248-5076 Facsimile: (617) 248-4000

jzwicker@choate.com Email:

Michael S. D'Orsi

Donnelly, Conroy & Gelhaar, LLP

1 Beacon Street 33rd Floor

Boston, MA 02108

Telephone:(617) 720-2880 Facsimile: (617) 720-3554 msd@dcglaw.com Email:



Suzanne A. Lebold, PhD
Divisional Vice President
Scientific Assessment & Technology Licensing
Abbott
Dept. P50A, Bidg. AP34-2
200 Abbott Park Road
Abbott Park, IL 80384-6187

1 847-937-1436 1 847-937-1771 Email: suzanne.a.lebold@abbott.com

November 20, 2007

VIA E-MAIL AND FEDERAL EXPRESS

Mr. Stephen J. Blewitt Senior Managing Director Bond & Corporate Finance Group John Hancock Life Insurance Company John Hancock Place P. O. Box 111 Boston, MA 02117

Re: Research Funding Agreement Update

Dear Steve:

In accordance with Sections 1.6 and 2.2 of the Research Funding Agreement ("Agreement"), enclosed please find Abbott's preliminary Annual Research Plan for 2008.

You will also find, in accordance with Section 2.5 of the Agreement, a report concerning the status of the Research Program and all Program Related Costs expended by Abbott for the first 10 months of 2007, together with good faith estimates for the last two months of 2007.

Sincerely,

Suzanne A. Lebold, Ph.D. Divisional Vice President

Scientific Assessment and Technology Licensing

cc: <u>Via Federal Express</u>

John Hancock Life Insurance Company 200 Clarendon Street, T-57

Boston, MA 02117

Attn: Bond & Corporate Finance Group

John Hancock Life Insurance Company 200 Clarendon Street, T-50

Boston, MA 02117

Attn: Investment Law Division



Global Pharmaceutical Research & Development

Hancock Collaboration Spending by Program in millions of dollers

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	ABT-518	MARFI	3.7	1.7	7.7	77	77	**	3.7			
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Ī	ABT-627	Dopunce 4 Agenist	11	6.7	9.5	5 4	8.9	5.4	56			
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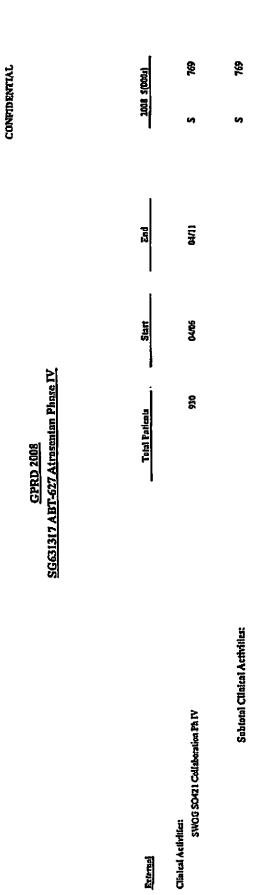
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Global Pharmaceutical Research & Development

Hancock Collaboration Spending by Program in millions of dollars

-	Month 10 CTTY	Month 11 · LBE	Month 12 LBE	Total . Year
	2007	2007	2007	2007
17-492 Quinotone	0.0	0.0	0.0	0.0
ABT-510 TSP#1	0.8	0.1	0.1	6.0
T-627 Altrasentun Base	20	0.2	0.2	2.4
.T-627 Altrentan Hormone Nalve Prostate Cancer	0.0	0.0	0'0	0.0
17-627 Japan	5.0	0.0	0.0	9.0
II-627 Non-Prestate Cancers	0.0	0.0	0.0	0.0
T-751 Anti-Mitotic	18.1	1.8	e ;	21.7
T-773 Base	0.0	0.0	0.0	0.0
Total	21.4	2.1	2.1	757

Published Estimates - 200	2008 Pisa	Type	
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YD.	A DMB / ADMB Placents Transfer Ph II		8
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John Hancock Development Portfolio Annual Progress Report - November 14, 2007

1) ABT-751

- a) Two Collaborative Phase 1 studies
 - i) A Phase I with an extension cohort of 52 pediatric neuroblastoma patients was
 - ii) A study in pediatric leukemia is ongoing with 5 patients enrolled
- b) Two Phase 2b combination studies have been initiated.
 - i) ABT-751 in combination with pemetrexed versus pemetrexed in advanced lung cancer with a total of 165 patients enrolled to date.
 - ii) ABT-751 in combination with docetaxel versus docetaxel in advanced lung cancer with a total of 71 patients enrolled to date.
- c) Collaborations: Four collaboration studies are ongoing
 - i) Collaboration studies are ongoing in colorectal cancer, lung cancer and prostate cancer, with both ABT-751 as a single agent, and in combination.
 - ii) A collaboration Phase 2 study in pediatric neuroblastoma is ongoing with 27 patients enrolled.

2) ABT-627

- a) Abbott is providing support for a collaboration study with the Southwest Oncology Group (SWOG) to study taxotere +/- ABT-627 for treatment of men with metatstatic hormone refractory prostate cancer, 54 patients are enrolled as of November 2007.
- b) All monotherapy studies with ABT-627 have been closed. Four patients remain on treatment via a patient-named IND basis. One patient in the pilot study for taxotere +/- ABT-627 remains on treatment.

3) ABT-510

a) Data from ongoing IIS studies has not provided clear signals of activity. Preclinical models continue to demonstrate anti-tumor activity. Collaboration is being sought to support continued development.

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS

JOHN HANCOCK LIFE INSURANCE COMPANY, JOHN HANCOCK VARIABLE LIFE INSURANCE COMPANY, and MANULIFE INSURANCE COMPANY (f/k/a INVESTORS PARTNER LIFE INSURANCE))))	CIVIL ACTION NO. 05 11150 DRW
COMPANY), Plaintiffs,)	CIVIL ACTION NO. 05-11150-DPW
)	
V.)	
ABBOTT LABORATORIES,)	
Defendants.	<i>)</i>	

ABBOTT LABORATORIES' AMENDED RESPONSES AND OBJECTIONS TO PLAINTIFFS' SECOND SET OF INTERROGATORIES

Defendant Abbott Laboratories ("Abbott"), by its undersigned counsel and pursuant to Rule 33 of the Federal Rules of Civil Procedure and Local Rules, hereby responds and objects the Second Set of Interrogatories of Plaintiffs John Hancock Life Insurance Company, John Hancock Variable Life Insurance Company, and Investors Partner Life Insurance Company's (collectively, "Hancock").

GENERAL OBJECTIONS AND RESPONSES

The following General Objections and Responses apply to each and every one of the numbered interrogatories below, and the General Objections and Responses shall be deemed continuing as to each interrogatory and are not waived, or in any way limited, by the specific objections and answers to any individual interrogatory.

1. Abbott objects to the "Definitions and Instructions" set forth in Hancock's interrogatories, as well as the interrogatories themselves, to the extent that Hancock seeks to require Abbott to provide information beyond that required by the Federal Rules of Civil Procedure or Local Rules of the Court.

- 2. Abbott objects to each Interrogatory to the extent that it seeks information or documents protected by the attorney-client privilege, the work product doctrine, or any other applicable privileges.
- 3. Abbott objects to each and every Interrogatory to the extent that it is overly broad in scope or time and unduly burdensome.
- 4. Abbott objects to each and every Interrogatory to the extent that it calls for information that is not relevant to any of the claims or defenses in this litigation.
- 5. Abbott objects to each and every Interrogatory to the extent that it calls for information outside of Abbott's possession, custody, or control.
- 6. To the extent that Abbott responds to specific Interrogatories to which it has objected, Abbott's objections are not waived by the furnishing of such information and Abbott reserves the right to maintain such objections with respect to any additional information.
- 7. To the extent that Abbott responds to a specific Interrogatory, Abbott does not admit Plaintiffs' characterizations of any documents, facts, theories, or conclusions.
- 8. To the extent that Abbott responds to a specific Interrogatory, Abbott does not admit the relevance of such information to the subject matter of this litigation. Further, by responding to Hancock's interrogatories, Abbott is not waiving any applicable privileges nor shall the inadvertent disclosure of any privileged information operate as a waiver of any applicable privilege or immunity from discovery.

- 9. The responses to these Interrogatories are based on information currently known to Abbott and its current employees, and Abbott expressly reserves the right to supplement its responses to these Interrogatories with further additional information and documents as such information and documents become available to Abbott in the course of this litigation.
- 10. Except where specifically indicated below, the individuals identified in response to these interrogatories are all current or former employees of Abbott to be contacted only through counsel of record for Abbott herein.
- 11. Abbott objects to these interrogatories on the ground that in total, including all discrete subparts, they exceed the total number of interrogatories permitted by the Federal Rules of Civil Procedure, Local Rules and any Orders entered by the Court in this case.

Subject to these General Objections and Responses, and without waiving the same, Abbott states as follows:

SPECIFIC OBJECTIONS AND RESPONSES

Please state Abbott's actual spending on Program Related Costs 15. for each Program Compound during each year of the four-year Program Term (i.e., 2001 through and including 2004), and during the subsequent year commencing immediately after the end of the Program Term (i.e., 2005).

Response: Abbott specifically objects to this interrogatory on the grounds that it is overly broad and unduly burdensome. Subject to these specific objections and its General Objections and Responses, and without waiving them, Abbott states that its actual spending on Program Related Costs for each of the Program Compounds for the period 2001-2005 is set forth below:

Number	Name	2001	2002	2003	2004	2005	<u>Total</u>
ABT-100	FTI	3.6	2.4	0.0	0.0	0.0	6.0
ABT-492	Quinolone	20.1	28.2	4.1	0.0	0.0	52.4
ABT-510	TSP #1	8.8	12.3	18.5	23.6	16.2	79.4
ABT-518	MMPI	3.7	0.0	0.0	0.0	0.0	3.7
ABT-594	Neuro Pain	7.8	1.4	0.0	0.0	0.0	9.2
ABT-627	Altrasentan Base	34.1	48.1	50.7	38.4	38.7	210.0
ABT-627	Altrsentan Hormone Naïve Prostate Cancer	0.0	1.2	2.5	2.3	3.3	9.3
ABT-627	Japan	0.0	0.1	0.2	1.5	1.5	3.3
ABT-627	Non-Prostate Cancers	0.0	0.0	0.2	1.0	0.9	2.1
ABT-724	Dopamine 4 Agonist	3.2	5.5	0.8	0.0	0.0	9.5
ABT-751	Anti-Mitotic	6.5	9.6	11.0	13.5	12.3	52.9
ABT-773	Base	80.3	13.8	(0.9)	0.3	0.0	93.5
ABT-773	Japan	1.4	1.9	0.0	0.0	0.0	3.3
	Total	169.5	124.5	87.1	80.6	72.9	534.6

Abbott specifically objects to this interrogatory on the Amended Response: grounds that it is vague, ambiguous, overly broad and unduly burdensome. Subject to these specific objections and its General Objections and Responses, and without waiving them, Abbott responds as follows:

After meeting and conferring with Hancock, Abbott agreed to amend its response to this interrogatory to state its actual monthly spending on each of the Program Compounds in January, February, and March 2001. In the course of preparing its amended interrogatory response, Abbott discovered some inadvertent errors in its original response. Abbott's corrected actual calendar year spending on Program Related Costs for each of the Program Compounds for the period 2001-2005 is set forth below:

Number	Name	2001	<u>2002</u>	2003	2004	2005	<u>Total</u>
ABT-100	FTI	9.2	2.4	0.0	0.0	0.0	11.6
ABT-492	Quinolone	23.1	32.8	4.1	0.0	0.0	60.0
ABT-510	TSP #1	8.8	12.8	18.5	23.6	16.1	79.8

	Total	182.1	131.3	87.1	80.8	73.0	554.3
ABT-773	Japan	-		-	-	-	
ABT-773	Base	80.8	13.9	(0.9)	0.3	0.0	94.1
ABT-751	Anti-Mitotic	6.5	9.7	11.0	13.5	12.3	53.0
ABT-724	Dopamine 4 Agonist	8.1	6.5	0.8	0.0	0.0	15.4
ABT-627	Non-Prostate Cancers	-	_	-			
ABT-627	Japan	_			-	_	
ABT-627	Altrsentan Hormone Naïve Prostate Cancer	_	-	-	-	_	
ABT-627	Altrasentan Base	34.1	51.8	53.6	43.4	44.6	227.
ABT-594	Neuro Pain	7.8	1.4	0.0	0.0	0.0	9.2
ABT-518	MMPI	3.7	0.0	0.0	0.0	0.0	3.7

Abbott's actual monthly expenditures on each Program Compound in 2001 are reflected in the Abbott expense reports attached hereto as Exhibit A. Please note that expenditures on the ED Program (ABT-724) are the sum of the expenditures reported on pages A-38 and B-4. Abbott also is producing concurrently with this amended interrogatory response expense reports reflecting the actual expenditures on each Program Compound from 2002 through 2005.

In addition to the expenditures that are listed above and in the attached expense reports, Abbott made management fee and/or milestone payments to Hancock in the amount of \$10 million in 2002, \$2 million in 2003, and \$2 million in 2004, which constitute Program Related Costs under Section 1.43 of the Research Funding Agreement.

16. Please state whether any of the representations or warranties made by Abbott in Section 12.2 of the Research Funding Agreement were untrue or inaccurate in any way as of March 13, 2001.

Response: Abbott specifically objects to this interrogatory on the grounds that it is grossly compound, overly broad and unduly burdensome. Because Section 12.2 of the Research Funding Agreement incorporates by reference nine other documents, containing hundreds of sentences, the task of determining whether any of the

representations or warranties made in Section 12.2 are "untrue" or "inaccurate" "in any way" is unduly burdensome. Moreover, if every sentence in Section 12.2 and the documents incorporated therein are considered representations and warranties, the request exceeds the number of interrogatories permitted (including subparts) in this litigation. Abbott also objects to this interrogatory because it seeks information protected from disclosure under the attorney-client privilege and attorney work product doctrine. This interrogatory seeks, inter alia, Abbott's legal analysis and conclusions as to which statements contained in the numerous documents attached to the Agreement and incorporated into Section 12.2 constitute a representation or warranty and also whether or not any such representations or warranties were untrue or inaccurate in any way. As a result, this interrogatory cannot be answered without disclosing attorney work product and attorney-client privileged communications, and any response by Abbott would be intertwined with the mental impressions, conclusions, opinions, and legal theories of its counsel as a result of its investigation of the claims made by Hancock in this case. Finally, Abbott objects to this interrogatory on the ground that it attempts improperly to shift the burden of proof from Hancock to Abbott on Hancock's claims in this case.

17. If your answer to Interrogatory No. 16, supra, is anything other than an unqualified negative, please state in as much detail as reasonably possible which specific representations or warranties made by Abbott in Section 12.2 of the Research Funding Agreement were untrue or inaccurate as of March 13, 2001 and why.

Response: Abbott incorporates by reference its response to Interrogatory No. 16.

ABBOTT LABORATORIES

By its attorneys

Eric J! Lorenzini

Jeffrey I. Weinberger (Admitted Pro Hac Vice) Gregory D. Phillips (Admitted Pro Hac Vice) Eric J. Lorenzini (Admitted Pro Hac Vice) Ozge Guzelsu (Admitted Pro Hac Vice) MUNGER, TOLLES & OLSON LLP 355 South Grand Avenue, 35th Floor Los Angeles, CA 90071 (213) 683-9100

and

Michael S. D'Orsi Peter E. Gelhaar (BBO #188310) Michael S. D'Orsi (BBO #566960) DONNELLY, CONROY & GELHAAR LLP 1 Beacon St., 33rd Floor Boston, Massachusetts 02108 (617) 720-2880

Dated: Aug. 3, 2007

VERIFICATION

I, Kenneth Stiles, state under penalties of perjury that: I am Assistant Controller for Global Pharmaceutical Research and Development at Abbott Laboratories ("Abbott"). I have read the foregoing responses to interrogatories and know the contents thereof, that said answers were prepared with the assistance and advice of counsel and employees of Abbott; that the responses set forth herein, subject to inadvertent or undiscovered errors, are based on and therefore necessarily limited by the records and information still in existence, presently collected and thus far discovered in the course of the preparation of these answers; that Abbott reserves the right to make any changes in the responses if it appears at any time that omissions or errors have been made therein or that more accurate information is available; and that, subject to the limitations set forth herein, the responses are true to the best of my knowledge, information and belief.

Interrogatory answers signed under the pains and penalties of perjury this 3rd day of August, 2007.

Lunda D. Steller

Exhibit A

CONFIDENTIAL ABBT0578006

PHARMACEUTICAL PRODUCTS RAD GLOBAL DISCOVERY PROJECT EXPENSE REPORT FARNESYLTRANSFERASE

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COMMENTS

PHARMACEUTICAL PRODUCTS RAD GLOBAL DELIVERY PROJECT EXPENSE REPORT QUINOLONE ABT492

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COMMENIES.
A) Unfavorable PARD variance due to effort on impurity and color issues, as well as an apparent underestimate of the required effort in the April Update.

PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT TSP PEPTIDE ABTS 10

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Venture Management	8	58	56	108	57	36	2	140	63	22	23	6	789	756	(33)
PARD	55	158	133	136	86	204	7	=	ĸ	8	=	76	1394	1.139	(255)
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COMMENTS			(

A) Increase due to higher manufacturing costs at Cook.

B) Delay in ROSS submissions and 5 month extension of end date for M01-302.

PHARMACEUTICAL PRODUCTS RAD GLOBAL DELIVERY PROJECT EXPENSE REPORT MMPI DEVELOPMENT ABT770/ABTS 18

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PHARMACEUTICAL PRODUCTS RAD GLOBAL DELIVERY PROJECT EXPENSE REPORT CCM ABT594

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International Directors		•	• ;	•		,	: .	÷	4	£	-	€		GE .	36
Venture Management	655	339	357	: <u>-</u>	(383)	: 5	300	ğ	; S	: 2	: 6		1 4	1	:
PARD	691	193	713	<u> </u>	146	700	1 2	3 8	2		5 5	,	\$91,4 108	3,655	(513)
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COMMENTS															

A) Unfavorable variance due to militatione budgeting. The Plan is for 6 months of work, while the system projects it over 12 months. Venture is currently reviewing the Phase II results to determine what further fur inay be required. Currently, the venture is at a "go" "no-go" decision. If a "no-go" decision is granted, the venture has identified approx. \$1.5MM in expenses that would not be incurred. If a "go" decision is granted approx. \$9MM would be required to fund the project for the rest of the year. COMMENTS

PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT ENDOTHELIN ABT627

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Phase-I Center	•	\$ -	<u>:</u>	ŧ	‡ ·	?	***	:	ŧ	ī	Ī	<u>8</u>	183	ş	(183)
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Total	2,177	2,293	2,396	2,664	1,767	3,320	2,422	2,436	3,415	3,350	2,873	+66+	34,107	35,874	1367
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COMMENTS									2						

A) Increase in PARD due to last minute charges from Cook,

B) Accrual for M00-244 delayed I month/I month delay in ROSS submission M01-304, offset by accelerated spending

C) M01-283 Qtc study on hold

PHARMACEUTICAL PRODUCTS R&D GLOBAL DISCOVERY PROJECT EXPENSE REPORT ERECTILE DYSFUNCTION

Discovery Administrative Overhead 65 6 Discovery Administrative Overhead 184 199 Discovery Functional 184 37 Discovery Svc Prch/Sold-Internal 184 37 Drug Salety Metabolism Toxicology/Pathology 2 Comparative Medicine 50 Strategic and Exploratory Medical Affairs Outcomes Res/Admin Medical Services Phase-I Center Clinical Development Operations Data Management Biostatistics Data Management Biostatistics	65 65 83 379 344 379 179 344 578 523 373 73 73 73 73 73 73 73 73 73 73 73 7	25 18 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	348	2 ē	1 20	1	*EM*	Ī	či Ži	ž.	Lote	APU.	ie.
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PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT KETOLIDE AB1773

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A)Untavorable variance due to omission of a dog study in the April Update by Comparative Medicine, B) Decrease in Clinical Grant expense reflects increase in duration of Phase III studies. C) Favorable SPD variance reflects delay in receipt of bulk drug.

PROOF OF SERVICE

- I, Marie A. Contreras, declare:
- 1. I am over the age of 18 and not a party to the within cause. I am employed by Munger, Tolles & Olson LLP in the County of Los Angeles, State of California. My business address is 355 South Grand Avenue, Suite 3500, Los Angeles, California 90071-1560.
- 2. On August 3, 2007, I served the original and/or a true and correct copy of the document entitled ABBOTT LABORATORIES' AMENDED RESPONSES AND OBJECTIONS TO PLAINTIFFS' SECOND SET OF INTERROGATORIES on the interested parties in this action by placing a true copy thereof enclosed in a sealed envelope, mailed as marked below, and addressed as follows:

See Attached Service List

×	U.S. Mail: I am "readily familiar" with the firm's practice of collection and processing correspondence for mailing. Under that practice it would be deposited with the U.S. postal service on that same day with postage thereon fully prepaid at Los Angeles, California in the ordinary course of business. I am aware that on motion of the party served, service is presumed invalid if postal cancellation date or postage meter date is more than one day after date of deposit for mailing affidavit.
	Federal Express: I am "readily familiar" with the firm's practice of collection and processing correspondence for delivery to an employee of Federal Express. Under that practice it would be delivered to an employee of Federal Express on that same day at Los Angeles, California with charges to be billed to Munger, Tolles & Olson LLP's account to be delivered to the offices of the addressee(s) on in the ordinary course of business.
I de	clare under penalty of perjury that the foregoing is true and correct.

Executed on August 3, 2007, at Los Angeles, California.

Marie A. Contreras

SERVICE LIST

Hancock, et al. v. Abbott Laboratories Case No. 05-11150-DPW

Joseph H. Zwicker

Choate, Hall & Stewart LLP Two International Place Boston, MA 02110

Telephone:(617) 248-5076 Facsimile: (617) 248-4000

jzwicker@choate.com Email:

Michael S. D'Orsi

Donnelly, Conroy & Gelhaar, LLP

1 Beacon Street

33rd Floor

Boston, MA 02108

Telephone:(617) 720-2880 Facsimile: (617) 720-3554

Email: msd@dcglaw.com



Chris G Tumer/LAKE/PPRD/ABBOT 02/08/2002 11:32 AM

Daniel D Kang/LAKE/PPRD/CONTRACTOR@ABBOTT. Donald C Buell III/LAKE/GPRD/ABBOTT@ABBOTT Jennifer Dart/LAKE/PPRD/ABBOTT@ABBOTT, Thomas J Lyons/LAKE/PPRD/ABBOTT@ABBOTT

Subject Re Hancock

Don & Dan,

Attached is what we gave to Hancock for the Y/E reporting. Please note that this information is as of early December and some of this data has changed. To my knowledge, no further updates have been given to Hancock since these files were submitted. Let me know if you need anything else. However, I will be out. of the office starting later this afternoon unit the middle of next week

Chris



Cost & Timeline Summary:















ABT-773.xls ABT-492.xls ABT-510.xls ABT-627.xls ABT-724.xls ABT-751.xls ABT-100.xls

Daniel D Kang

Daniel D Kang

To: Chris G Turner/LAKE/PPRD/ABBOTT@ABBOTT

02/08/02 10:04 AM Subject: Hancock

Here's a copy of the executive summary for the Hancock Agreement

If you are unable to e-mail me the year-end reports, you can fax it to me at 938-5290.

Thanks.

Dan

--- Forwarded by Daniel D KanglaKE/PPRD/CONTRACTOR on 02/08/02 10:00 AM ---

Donald C Buell III

To: Daniel D Kang/LAKE/PPRD/CONTRACTOR@ABBOTT

02/08/02 09:55 AM

Subject: Hancock



hancockexecsum:lwp

CONFIDENTIAL

J. HANCOCK RESEARCH FUNDING AGREEMENT FOR ABBOTT PHARMACEUTICAL R&D: EXECUTIVE SUMMARY OF MARCH 13, 2001 AGREEMENT

OVERVIEW:

J. Hancock provides \$214 million over 4 years to fund the "Research Program" for specific "Program Compounds", in exchange for future returns via management fees, milestones and royalties; - The "Program Compounds" are as follows (note: the Indications/therapeutic designations are for Informational

purposes only; Hancock's interest is not limited by indication):

PROGRAM COMPOUNDS

In-License Agreement	Program Compound	Development Phase
_	ABT-627 (Endothelin antagonist, cancer)	Phase III
Taisho	ABT-773 (Ketolide antibiotic)	Phase III
	ABT-594 (Cholinergic Channel modulator, pain)	Late Phase II
Wakunaga	ABT-492 (Quinolone antibiotic)	Phase I
Eisai	ABT-751 (Antimitiotic, cancer)	Phase I
	ABT-510 (Thrombospondin peptide, cancer)	Phase I

The First Compounds from these Preclinical Programs:

FTI (famesyl transferace inhibitors for cancer) Preclinical ED (dopamine receptor modulators for Erectile Preclinical Dysfunction)

ABT-518 (Matrix metalloproteinase inhibitor, cancer) Phase I

- Abbott is solely responsible for all research, development and commercialization activities re: the Program Compounds (article 4.1, p. 13)
- Impact on Business Development
 - Abbott shall not treat Program compounds, regarding outlicensing, any different from other Abbott compounds (article 4.4, p. 16)
 - Hancock's prior written consent is needed only for a major divestiture or outlicense of a Program Compound: o that is, for a deal that is for all of North America, or for a non-North American territory having 2/3 the total population of Japan and the European Union combined
 - o consent not to be unreasonable withheld (article 4.3.e, p. 15).
 - Abbott shall not divest, out-license or otherwise transfer any of it rights or interests if that impairs it's ability to meet obligations to Hancock (article 5.1, p. 16-17).
 - o Abbott remains responsible for its obligations to Hancock ,and Abbott must require sublicensees to allow Hancock to audit their net sales / royalty calculations (article 8.2.c, p. 20).
 - Abbott can amend or change the inlicense agreements involved here, provided such changes do not materially effect Hancock's interests;
 - o otherwise the changes require the prior written consent of Hancock, which is not to be unreasonably withheld (article 4.5, p. 16).

SPECIFIC COMPOUNDS / PRECLINICAL PROGRAMS COVERED BY RESEARCH FUNDING & MILESTONE / **ROYALTY OBLIGATIONS:**

- The compounds listed in the Overview, above (from Exhibit 1.40 of the Agreement)
 - furthermore, if ABT-492 or ABT-510 fail to enter Phase II, Abbott shall substitute another compound of equal commercial value (there is no mention / limitation on therapeutic class) (article 4.3.b, p. 14).
- Re: the preclinical programs, the first compound from each of those programs to enter Phase I becomes a Program Compound
 - If that first compound fails in Phase I (does not proceed to P hase II), the next compound from the preclinical program, including any in-licensed compounds, shall be considered a Program Compound, to a maximum of three such failures / replacements per preclinical program (article 4.3.a, p. 13-14)
- If Abbott ceases developing or marketing any Program Compound as the result of Abbott's acquisition of a "Replacement Compound." then the Replacement Compound becomes a Program Compound (article 4.3.c, p. 14)
 - If the Ceased Compound has been approved for marketing by FDA at the date of acquisition of the Replacement, Hancock has the option of having Abbott maximize the commercial value of the Ceased Compound via outlicensing instead of substituting the Replacement Compound.
- If Abbott ceases development for any other reason than Replacement, and the Ceased Compound still has commercial value, Abbott is to maxim ize the commercial value of the Ceased Compound via outlicensing; Hancock to get royalties (article 4.3.d, p. 15)
 - Hancock may, but is not obligated to, assist in the outlicensing / divestiture (article 4.3.d.ii, p. 15).

LICENSES: none. Hancock obtains no licenses or other rights to Abbott intellectual property / inventions / developments re: the Program Compounds (article 5.1, p.16).

TERRITORY: Worldwide, except, for inlicensed compounds like Eisai's ABT-751, territories where Abbott has no marketing rights (article 1.53, p. 9)

should Abbott obtain those territories, they then become included in this Agreement.

RESEARCH PROGRAM:

- Conducted by Abbott on the Program Compounds according to an annual Research Plan (article 2.1, p. 9)
 - Abbott is free to manage the compounds as it would any others, including outlicensing provided Abbott meets its responsibilities to J. Hancock for royalties on the outlicensed compounds. Any outlicensing agreement must give Hancock the right to audit the licensee's net sales / royalty calculations.
- The Research Plan is to be:
 - prepared annually by Abbott (article 2.2, p. 9-10)
 - presented to Hancock 45 days prior to each Program Year (calendar year) until :
 - o Abbott either abandons development of, or obtains Regulatory Approval for marketing for, each Program Compound in the US.
 - reported on, to Hancock, 30 days before the end of the year, with the status of projects and the costs. o Hancock has the right to audit Abbott and any subcontractors involved in the Research Program (article 2.5, p. 13)
- Re: Regulatory submissions, the expectation is that EU filing will occur within 2 years of FDA filing, and Japan within 5 years (article 4.1, p. 13).
 - marketing to occur within 6 months of regulatory approval (article 4.2, p. 13).

RESEARCH PROGRAM FUNDING:

- Called "Program Related Costs," which are defined in article 1.43, p. 8 as:
 - all direct and indirect costs and expenses incurred by Abbott on the Research Program
 - all management, milestone and license fees paid by Abbott to
 - o Elsal re: ABT-751 (not to exceed \$18 million)
 - o Wakunaga re: ABT-492 (not to exceed \$27.5 million)
 - o John Hancock re: management fees and developmental / regulatory submission milestones
- Aggregate Spending Target for the Research Program is \$614 million (article 1.3, p. 2).
- Annual Minimum funding shall be:

Program Year: From John Hancock: From Abbott First December 1, 2001: \$50 Million \$50 million

Second December 1, 2002: \$54 Million \$50, plus any not spend

previously*

December 1, 2003: \$58 million Third Fourth December 1, 2004: \$52 Million

Fifth Any of the \$614 million not spent. \$0

*Designated the "Carry Over Amount." Hancock's obligation is deferred until such amounts are spent (article 3.3.a, p. 15-16)

Should Abbott not spent the entire \$614 million by the end of the fifth year (12/31/05), Hancock gets 1/3 of

the amount remaining unspent back by 1/30/06 (article 3.4.b, p. 15).

MANAGEMENT FEES & MILESTONES PAYMENTS BY ABBOTT TO HANCOCK: (all are in US dollars)

- MANAGEMENT FEES: \$2.0 million to Hancock on December 1 of 2002, 2003, and 2004 a total of \$6 million (article 6.2, p. 17).
- MILESTONES: for each Program Compound, Abbott shall pay Hancock, within 30 days of the event:
 - \$1 million upon allowance of the IND by the FDA
 - \$2 million upon initiation of Phase I
 - \$3 million upon initiation of Phase II
 - \$4 million upon initiation of Phase III
 - \$5 million upon filing of the NDA with the FDA

The aggregate of the above milestones collectively is limited to \$8 million (article 6.3, p. 18) and also limited by year, as follows:

Program Year Milestone Limit Calendar Year First 2001 90 Second 2002 \$2 million Third \$6 million 2003

Fourth and beyond Any not paid in previous years (to the aggregate maximum of \$8

ADDITIONAL MILESTONES FOR FDA APPROVALS (article 6.3.f, p. 18):

- \$20 million upon FDA approval of the first Program Compound
- \$10 million for the second compound
- \$10 million for the third.

Note that all management fees and milestones are "Program Related Costs" payable out of the Research Program.

ROYALTIES:

In addition to the above Milestones/Payments, quarterly payments on annual net sales are as follows:

Royalty Percentage	Yearly Net Sales (in millions) of all Products in the Territory
8.5 %	up to \$400
4 %	In excess of \$400 up to \$1,000
1%	in excess of \$1,000 up to \$2,000
0.5 %	in excess of \$2,000

Royalties are paid within 60 days after the close of each quarter. Net sales are aggregated on a calendar basis for the US, and Dec. 1 to Nov. 30, ex-US (article 7.1, p. 19).

Royalty term is on a product by product, country by country basis; royalties terminate the sooner of (a) ten years after date of marketing or (b) 12/31/15 (article 1.50, p. 9).

TERMINATION:

- Hancock may terminate it's research funding in any year Abbott
 - abandons all the Project Compounds (compounds and preclinical programs)
 - fails to spend at least the Hancock funds
 - does not demonstrate in its Research Plan an intent to expended at least Hancock's share the next year; or
 - does not demonstrate its intent to spend above the aggregate of \$614 million over the entire Program (article 3.4, p. 15).
- Either may terminate if the other was ordered by the court to remedy a material breach and failed to do so (article 11.2, p. 23).
- The Agreement expires upon Abbott's fulfillment of royalty / payment obligations (article 11.1, p. 23).

PATENTS

- Abbott totally responsible for prosecutions and filings. Abbott owns all patents and Program Information.
- Abbott to inform Hancock of any infringements and share receipts of prosecutions with Hancock in proportion to any lost royalties (article 5.3, p. 17)
 - Exhibit 12.2 contains a list of patents for the Program Compounds.

REPORTING AND NOTIFICATION OBLIGATIONS

- Re: Research Program: Abbott to:
 - present the Research Program to Hancock 45 days prior to each Program Year (calendar year) until: o Abbott either abandons development of, or obtains Regulatory Approval for marketing for, each Program Compound in the US.
 - report to Hancock, 30 days before the end of the year, the status of projects and the costs.
- Abbott to notify Hancock of cessation of research, development or marketing of any Program Compound, and provide information on any Replacement Compound (article 4.3.f, p. 16).
- Abbott to notify Hancock of any event that would lead to a milestone payment.
- Abbott to notify Hancock of an infringements (article 5.3, p. 17).
- Royalties: Abbott provides Hancock a quarterly royalty report within 60 days of close of calendar quarter showing:
 - calculation of net sales by country by product
 - royalties payable in dollars; exchange rate used; date of first commercial sale (article 8.1, p. 19-20).

DISCLOSURES:

- Hancock to keep confidential all information on Program Compounds, or any other information supplied by Abbott and marked "confidential," 10 years after the term of the Agreement (article 10.1, p. 22).
 - except as required to be disclosed by law; Hancock should give Abbott prior written notice (article 10.2, p.
- The Agreement is considered Confidential Information, and none of it is to be disclosed without prior written consent of the other (article 10.3, p. 22-23)
 - no PR announcement was made.

- Re: public disclosure of Research Program: Abbott may disclose without mentioning Hancock's involvement; Hancock not to disclose unless has prior written consent of Abbott (article 10.3, p. 22-23).
- Abbott has not disclosed the terms of inlicense contracts to Hancock (article 12.1, p. 30).

ARBITRATION AND APPLICABLE LAW. Disputes shall attempt to be resolved by the President, PPD, and the Managing Director, Hancock, prior to court action (article 16.7, p. 34).

- The Agreement is governed by Illinois law. However, Abbott agrees that any suit shall take place in Massachusetts, and both sides give up rights to jury trial. (article 16.2, p. 33). dcbuell 4/17/01

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REDACTED

From: Brittelli, Janelle

Sent: Thursday, March 06, 2003 1:53 PM

To: Stutz, Kathleen
Cc: O'Mara, Michelle

Subject: FW: Abbott Labs

FYI

----Original Message----From: Mangan, Deirdre

Sent: Wednesday, March 05, 2003 5:24 PM

To: Brittelli, Janelle
Subject: Abbott Labs

Janelle,

What are you currently projecting for February Early Warning for Abbott Labs? This is a 99-20 investment, and we have been booking income at a rate of 13%.

Attached is an exhibit showing what income we should currently project for 2003-2005. (Note: The 12/31/02 book value was \$46.5M, and then \$54M more was funded into this deal 1/21/03. On top of that, we expect to get a distribution of roughly \$10M in March, which would reduce the book value. So the BV expected at end of March is about \$90.5M).

Please call with any questions. Thanks. Deirdre <<Abbott Labs Proj.xls>>

Deirdre Mangan
John Hancock Financial Services
Bond & Corporate Finance
(617) 572-5542

CONFIDENTIAL JH 002419

Abbott Labs Income Projection Assumed 13% earnings rate under EITF 99-20

BV:	12/31/02 46,500,000	1/31/03 100,500,000	3/31/03 90,500,000
54.	.0,000,000	,	
Jan 2003:	503,750		
Feb 2003:	1,088,750		
March 2003:	1,088,750		
Apr 2003:	980,417		
May 2003:	980,417		
June 2003:	980,417		
July 2003:	980,417		
Aug 2003:	980,417		
Sept 2003:	980,417		
Oct 2003:	980,417		
Nov 2003:	980,417		
Dec 2003:	980,417		
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MOODY'S RATING SYMBOLS & **DEFINITIONS**

August 2004

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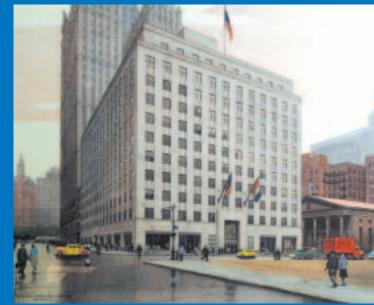
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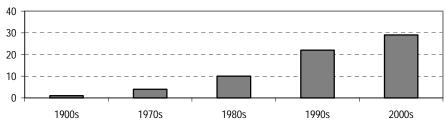
Preface

In the spirit of promoting transparency and clarity of meaning, Moody's Standing Committee on Symbols and Definitions offers this reference guide which defines Moody's various symbols and rating scales.

Moody's ratings system has grown increasingly sophisticated. Since John Moody devised the first bond ratings almost a century ago, our rating system has matured in keeping with the increasing depth of the financial marketplace. And, as issuers have developed new types of securities, Moody's has created new types of ratings to better calibrate risks for various classes of financial instruments.

From the original 1909 bond rating definitions, Moody's ratings have expanded to the extent that today we maintain 28 systems, with the number growing every year.

Rating Systems Outstanding by Decade



It should be noted that Moody's long-term ratings are intended to be measures of expected loss, and therefore incorporate elements of both probability of default and severity of loss in the event of default.

Consequently there will be trade-offs between these two elements, such that defaulted obligations with low expected severity of loss may be assigned ratings in the upper speculative grade ranges.

In its simplest terms, Moody's assigns and publishes two kinds of ratings:

1) Credit ratings

Moody's credit ratings are opinions of the credit quality of individual obligations or of an issuer's general creditworthiness, without respect to individual debt obligations or other specific securities. Examples include our long-term obligation ratings, syndicated loan ratings, bank deposit ratings and insurance financial strength ratings.

2) Non-credit ratings

In addition, Moody's has designed other rating systems to address other aspects of risk, including investment quality ratings, management quality ratings, market-risk ratings, and Lloyd's syndicate volatility ratings.

Moody's offers special ratings, both published and unpublished, and maintains a variety of rating notations that cover refunded debt and provisional issues, among others.

The Symbols and Definitions Standing Committee, one of several at Moody's that focus on credit policy issues, is comprised of structured finance, corporate finance, public finance, financial institutions and sovereign credit analysts. The names, direct telephone numbers and e-mail addresses of the members of the Standing Committee are listed below. I invite you to contact us with your comments.

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Introduction

Purpose

The system of rating securities was originated by John Moody in 1909. The purpose of Moody's ratings is to provide investors with a simple system of gradation by which relative creditworthiness of securities may be noted.

Rating Symbols

Gradations of creditworthiness are indicated by rating symbols, with each symbol representing a group in which the credit characteristics are broadly the same. There are nine symbols as shown below, from that used to designate least credit risk to that denoting greatest credit risk:

Aaa Aa A Baa Ba B Caa Ca C

Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa.

Absence of a Rating

Where no rating has been assigned or where a rating has been withdrawn, it may be for reasons unrelated to the creditworthiness of the issue.

Should no rating be assigned, the reason may be one of the following:

- 1. An application was not received or accepted.
- 2. The issue or issuer belongs to a group of securities or entities that are not rated as a matter of policy.
- 3. There is a lack of essential data pertaining to the issue or issuer.
- 4. The issue was privately placed, in which case the rating is not published in Moody's publications.

Withdrawal may occur if new and material circumstances arise, the effects of which preclude satisfactory analysis; if there is no longer available reasonable up-to-date data to permit a judgment to be formed; if a bond is called for redemption; or for other reasons.

Changes in Rating

The credit quality of most issuers and their obligations is not fixed and steady over a period of time, but tends to undergo change. For this reason changes in ratings occur so as to reflect variations in the intrinsic relative position of issuers and their obligations.

A change in rating may thus occur at any time in the case of an individual issue. Such rating change should serve notice that Moody's observes some alteration in creditworthiness, or that the previous rating did not fully reflect the quality of the bond as now seen. While because of their very nature, changes are to be expected more frequently among bonds of lower ratings than among bonds of higher ratings. Nevertheless, the user of bond ratings should keep close and constant check on all ratings — both high and low — to be able to note promptly any signs of change in status that may occur.

Limitations to Uses of Ratings^{*}

Obligations carrying the same rating are not claimed to be of absolutely equal credit quality. In a broad sense, they are alike in position, but since there are a limited number of rating classes used in grading thousands of bonds, the symbols cannot reflect the same shadings of risk which actually exist.

As ratings are designed exclusively for the purpose of grading obligations according to their credit quality, they should not be used alone as a basis for investment operations. For example, they have no value in forecasting the direction of future trends of market price. Market price movements in bonds are influenced not only by the credit quality of individual issues but also by changes in money rates and general economic trends, as well as by the length of maturity, etc. During its life even the highest rated bond may have wide price movements, while its high rating status remains unchanged.

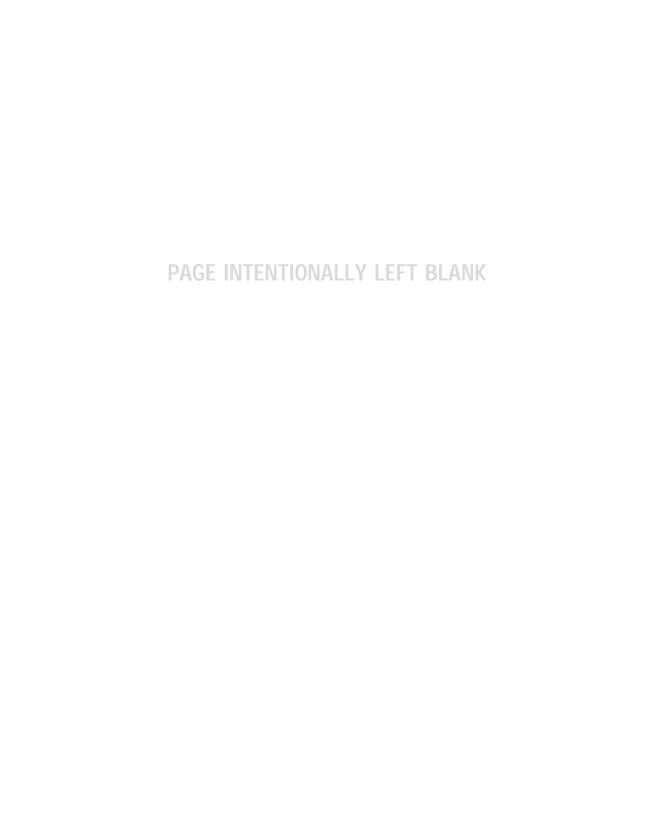
The matter of market price has no bearing whatsoever on the determination of ratings, which are not to be construed as recommendations with respect to "attractiveness". The attractiveness of a given bond may depend on its yield, its maturity date or other factors for which the investor may search, as well as on its credit quality, the only characteristic to which the rating refers.

Since ratings involve judgements about the future, on the one hand, and since they are used by investors as a means of protection, on the other, the effort is made when assigning ratings to look at "worst" possibilities in the "visible" future, rather than solely at the past record and the status of the present. Therefore, investors using the rating should not expect to find in them a reflection of statistical factors alone, since they are an appraisal of long-term risks, including the recognition of many non-statistical factors.

Though ratings may be used by the banking authorities to classify bonds in their bank examination procedure, Moody's ratings are not made with these bank regulations in mind. Moody's Investors Service's own judgement as to the desirability or non-desirability of a bond for bank investment purposes is not indicated by Moody's ratings.

Moody's ratings represent the opinion of Moody's Investors Service as to the relative creditworthiness of securities. As such, they should be used in conjunction with the descriptions and statistics appearing in Moody's publications. Reference should be made to these statements for information regarding the issuer. Moody's ratings are not commercial credit ratings. In no case is default or receivership to be imputed unless expressly stated.

^{*} As set forth more fully on the copyright, credit ratings are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each rating or other opinion must be weighed solely as one factor in any investment decision made by or on behalf of any user of the information, and each such user must accordingly make its own study and evaluation of each security and of each issuer and guarantor of, and each provider of credit support for, each security that it may consider purchasing, selling or holding.



Credit Ratings

General

LONG-TERM OBLIGATION RATINGS

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Moody's Long-Term Rating Definitions:

Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
Α	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
Baa	Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.
Ва	Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.
В	Obligations rated B are considered speculative and are subject to high credit risk.
Caa	Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.
Ca	Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.
С	Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

MEDIUM-TERM NOTE RATINGS

Moody's assigns long-term ratings to individual debt securities issued from medium-term note (MTN) programs, in addition to indicating ratings to MTN programs themselves. Notes issued under MTN programs with such indicated ratings are rated at issuance at the rating applicable to all *pari passu* notes issued under the same program, at the program's relevant indicated rating, provided such notes do not exhibit any of the characteristics listed below:

- Notes containing features that link interest or principal to the credit performance of any third party or parties
- Notes allowing for negative coupons, or negative principal
- Notes containing any provision that could obligate the investor to make any additional payments
- Notes containing provisions that subordinate the claim.

For notes with any of these characteristics, the rating of the individual note may differ from the indicated rating of the program.

Market participants must determine whether any particular note is rated, and if so, at what rating level. Moody's encourages market participants to contact Moody's Ratings Desks or visit www.moodys.com directly if they have questions regarding ratings for specific notes issued under a medium-term note program. Unrated notes issued under an MTN program may be assigned an NR symbol.

SHORT-TERM RATINGS

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1	Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.
P-2	Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.
P-3	Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.
NP	Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

Note: Canadian issuers rated P-1 or P-2 have their short-term ratings enhanced by the senior-most long-term rating of the issuer, its guarantor or support-provider.

ISSUER RATINGS

Issuer Rating: Corporates and Financial Institutions

Ilssuer Ratings are opinions of the ability of entities to honor senior unsecured financial obligations and contracts. Moody's rating symbols for Issuer Ratings are identical to those used to indicate the credit quality of long-term obligations.

Counterparty Ratings: Derivatives Product Companies

Issuer ratings assigned to derivative product companies and clearinghouses are opinions of the financial capacity of an obligor to honor its senior obligations under financial contracts, given appropriate documentation and authorizations.

Sector Specific

US MUNICIPAL AND TAX-EXEMPT RATINGS

Municipal Ratings are opinions of the investment quality of issuers and issues in the US municipal and tax-exempt markets. As such, these ratings incorporate Moody's assessment of the default probability and loss severity of these issuers and issues. The default and loss content for Moody's municipal long-term rating scale differs from Moody's general long-term rating scale. (Please refer to Corporate Equivalent Ratings under Policies and Procedures.)

Municipal Ratings are based upon the analysis of four primary factors relating to municipal finance: economy, debt, finances, and administration/management strategies. Each of the factors is evaluated individually and for its effect on the other factors in the context of the municipality's ability to repay its debt.

Municipal Long-Term Rating Definitions:

Aaa	Issuers or issues rated Aaa demonstrate the strongest creditworthiness relative to other US municipal or tax-exempt issuers or issues.
Aa	Issuers or issues rated Aa demonstrate very strong creditworthiness relative to other US municipal or tax-exempt issuers or issues.
Α	Issuers or issues rated A present above-average creditworthiness relative to other US municipal or tax-exempt issuers or issues.
Baa	Issuers or issues rated Baa represent average creditworthiness relative to other US municipal or tax- exempt issuers or issues.
Ва	Issuers or issues rated Ba demonstrate below-average creditworthiness relative to other US municipal or tax-exempt issuers or issues.
В	Issuers or issues rated B demonstrate weak creditworthiness relative to other US municipal or tax- exempt issuers or issues.
Caa	Issuers or issues rated Caa demonstrate very weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.

- Ca Issuers or issues rated Ca demonstrate extremely weak creditworthiness relative to other US municipal or tax-exempt issuers or issues.
- C Issuers or issues rated C demonstrate the weakest creditworthiness relative to other US municipal or tax-exempt issuers or issues.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating category from Aa through Caa. The modifier 1 indicates that the issuer or obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

US MUNICIPAL SHORT-TERM DEBT AND DEMAND OBLIGATION RATINGS

Short-Term Debt Ratings

There are three rating categories for short-term municipal obligations that are considered investment grade. These ratings are designated as Municipal Investment Grade (MIG) and are divided into three levels — MIG 1 through MIG 3. In addition, those short-term obligations that are of speculative quality are designated SG, or speculative grade. MIG ratings expire at the maturity of the obligation.

MIG 1	This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.
MIG 2	This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.
MIG 3	This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.
SG	This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Demand Obligation Ratings

In the case of variable rate demand obligations (VRDOs), a two-component rating is assigned; a long or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of the degree of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of the degree of risk associated with the ability to receive purchase price upon demand ("demand feature"), using a variation of the MIG rating scale, the Variable Municipal Investment Grade or VMIG rating.

When either the long- or short-term aspect of a VRDO is not rated, that piece is designated NR, e.g., Aaa/NR or NR/VMIG 1.

VMIG rating expirations are a function of each issue's specific structural or credit features.

VMIG 1	This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.
VMIG 2	This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.
VMIG 3	This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.
SG	This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

SENIOR IMPLIED RATINGS

Moody's Senior Implied Ratings are generally employed for speculative grade corporate issuers. The Senior Implied Rating is an opinion of a corporate family's ability to honor its financial obligations and is assigned to a corporate family as if it had:

- a single class of debt;
- a single consolidated legal entity structure.

The Senior Implied Rating differs from Moody's Issuer Rating, which references an obligor's senior unsecured obligations (that may be junior in its capital structure) and which also reflects the obligor's actual corporate structure. By contrast, the Senior Implied Rating assumes away such structural and legal complexities.

Moody's employs the general long-term rating scale for Senior Implied Ratings.

SPECULATIVE GRADE LIQUIDITY RATINGS

Moody's Speculative Grade Liquidity Ratings are opinions of an issuer's relative ability to generate cash from internal resources and the availability of external sources of committed financing, in relation to its cash obligations over the coming 12 months. Speculative Grade Liquidity Ratings will consider the likelihood that committed sources of financing will remain available. Other forms of liquidity support will be evaluated and consideration will be given to the likelihood that these sources will be available during the coming 12 months. Speculative Grade Liquidity Ratings are assigned to speculative grade issuers that are by definition Not Prime issuers.

SGL-1	Issuers rated SGL-1 possess very good liquidity. They are most likely to have the capacity to meet their obligations over the coming 12 months through internal resources without relying on external sources of committed financing.
SGL-2	Issuers rated SGL-2 possess good liquidity. They are likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing. The issuer's ability to access committed sources of financing is highly likely based on Moody's evaluation of near-term covenant compliance.
SGL-3	Issuers rated SGL-3 possess adequate liquidity. They are expected to rely on external sources of committed financing. Based on its evaluation of near-term covenant compliance, Moody's believes there is only a modest cushion, and the issuer may require covenant relief in order to maintain orderly access to funding lines.
SGL-4	Issuers rated SGL-4 possess weak liquidity. They rely on external sources of financing and the availability of that financing is, in Moody's opinion, highly uncertain.

BANK DEPOSIT RATINGS

Moody's Bank Deposit Ratings are opinions of a bank's ability to repay punctually its foreign and/or domestic currency deposit obligations. Foreign currency deposit ratings are subject to Moody's country ceilings for foreign currency deposits. This may result in the assignment of a different (and typically lower) rating for the foreign currency deposits relative to the bank's rating for domestic currency obligations.

Unless otherwise indicated, Moody's Bank Deposit Ratings apply to a bank's foreign and domestic currency deposit obligations. A bank may also be assigned different (typically higher) domestic currency deposit ratings that are unconstrained by the respective country ceilings for foreign currency deposits.

Foreign currency deposit ratings are applicable only to banks and branches located in countries that have been assigned a country ceiling for foreign currency for bank deposits.

Such obligations are rated at the lower of the bank's deposit rating or Moody's country ceiling for bank deposits for the country in which the branch is located.

Moody's Bank Deposit Ratings are intended to incorporate those aspects of credit risk that are relevant to the prospective payment performance of the rated bank with respect to its foreign and/or domestic currency deposit obligations. Included are factors such as intrinsic financial strength, sovereign transfer risk (for foreign currency deposits), and both implicit and explicit external support elements.

Moody's Bank Deposit Ratings do not take into account the benefit of deposit insurance schemes that make payments to depositors, but they do recognize the potential support from schemes that may provide direct assistance to banks.

In addition to its Bank Deposit Ratings, Moody's also publishes Bank Financial Strength Ratings, which exclude certain of these external risk and support elements (i.e., sovereign risk and external support). Such ratings are intended to elaborate and explain Moody's Bank Deposit Ratings, which incorporate and reflect such elements of credit risk.

Long-Term Bank Deposit Ratings

Moody's long-term bank deposit ratings employ the same alphanumeric rating system as that for long-term issuer ratings.

Banks rated Aaa for deposits offer exceptional credit quality and have the smallest Aaa degree of risk. While the credit quality of these banks may change, such changes as can be visualized are most unlikely to materially impair the banks' strong positions. Banks rated Aa for deposits offer excellent credit quality, but are rated lower than Aaa banks because their susceptibility to long-term risks appears somewhat Aa greater. The margins of protection may not be as great as with Aaa-rated banks, or fluctuations of protective elements may be of greater amplitude. Banks rated A for deposits offer good credit quality. However, elements may be Α present that suggest a susceptibility to impairment over the long term. Banks rated Baa for deposits offer adequate credit quality. However, certain protective elements may be lacking or may be characteristically unreliable over any great Baa length of time. Banks rated Ba for deposits offer questionable credit quality. Often the ability of Ba these banks to meet punctually deposit obligations may be uncertain and therefore not well safeguarded in the future. Banks rated B for deposits offer generally poor credit quality. Assurance of punc-В tual payment of deposit obligations over any long period of time is small.

Caa	Banks rated Caa for deposits offer extremely poor credit quality. Such banks may be in default, or there may be present elements of danger with regard to financial capacity.
Ca	Banks rated Ca for deposits are usually in default on their deposit obligations.
С	Banks rated C for deposits are usually in default on their deposit obligations, and potential recovery values are low.

Note: Moody's appends the numerical modifiers 1, 2, and 3 to each generic rating category from Aa to Caa. The modifier 1 indicates that the bank is in the higher end of its letter-rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the bank is in the lower end of its letter-rating category.

Short-Term Bank Deposit Ratings

Moody's employs the following designations to indicate the relative repayment ability for bank deposits:

P-1	Banks rated Prime-1 for deposits offer superior credit quality and a very strong capacity for timely payment of short-term deposit obligations.
P-2	Banks rated Prime-2 for deposits offer strong credit quality and a strong capacity for timely payment of short-term deposit obligations.
P-3	Banks rated Prime-3 for deposits offer acceptable credit quality and an adequate capacity for timely payment of short-term deposit obligations.
NP	Banks rated Not Prime for deposits offer questionable to poor credit quality and an uncertain capacity for timely payment of short-term deposit obligations.

US BANK OTHER SENIOR OBLIGATION RATINGS

Deposit notes, bank notes and bank subordinated notes are bank obligations that are structured to be sold and traded as securities similar to corporate bonds or medium-term notes. As bank obligations, such instruments are exempt from SEC registration (if issued by a US bank or by the US branch of a foreign bank). Deposit notes have the legal status of deposits and will rank *pari passu* in liquidation with certificates of deposit and other domestic deposit obligations. Bank notes, although nominally senior, are not deposit obligations. US law provides that foreign deposits and senior unsecured obligations, including bank notes, will rank behind domestic deposit obligations of US banks in the event of liquidation.

Moody's Other Senior Obligations (OSO) rating definitions parallel those for long-term and short-term obligations, and may be assigned to foreign deposits and International Banking Facility deposits, as well as to other senior non-depository obligations, including bank notes, letter-of-credit supported obligations, federal funds and financial contracts. A rating distinction between domestic deposits and OSOs will be reflected in those cases where there

is a material susceptibility for impairment at a future time. Bank subordinated notes will rank behind both domestic deposits and OSOs in a failed bank liquidation. Therefore, Moody's will generally rate the subordinated debt of US banks substantially below the comparable deposit rating.

BANK FINANCIAL STRENGTH RATINGS

Moody's Bank Financial Strength Ratings (BFSRs) represent Moody's opinion of a bank's intrinsic safety and soundness and, as such, exclude certain external credit risks and credit support elements that are addressed by Moody's Bank Deposit Ratings. In addition to commercial banks, Moody's BFSRs may also be assigned to other types of financial institutions such as multilateral development banks, government-sponsored financial institutions and national development financial institutions.

Unlike Moody's Bank Deposit Ratings, Bank Financial Strength Ratings do not address the probability of timely payment. Instead, Bank Financial Strength Ratings are a measure of the likelihood that a bank will require assistance from third parties such as its owners, its industry group, or official institutions.

Bank Financial Strength Ratings do not take into account the probability that the bank will receive such external support, nor do they address risks arising from sovereign actions that may interfere with a bank's ability to honor its domestic or foreign currency obligations.

Factors considered in the assignment of Bank Financial Strength Ratings include bank-specific elements such as financial fundamentals, franchise value, and business and asset diversification. Although Bank Financial Strength Ratings exclude the external factors specified above, they do take into account other risk factors in the bank's operating environment, including the strength and prospective performance of the economy, as well as the structure and relative fragility of the financial system, and the quality of banking regulation and supervision.

Bank Financial Strength Rating Definitions

- Banks rated A possess superior intrinsic financial strength. Typically, they will be institutions with highly valuable and defensible business franchises, strong financial fundamentals, and a very predictable and stable operating environment.
- Banks rated B possess strong intrinsic financial strength. Typically, they will be institutions with valuable and defensible business franchises, good financial fundamentals, and a predictable and stable operating environment.
- Banks rated C possess adequate intrinsic financial strength. Typically, they will be institutions with more limited but still valuable business franchises. These banks will display either acceptable financial fundamentals within a predictable and stable operating environment, or good financial fundamentals within a less predictable and stable operating environment.

- Banks rated D display modest intrinsic financial strength, potentially requiring some outside support at times. Such institutions may be limited by one or more of the following factors: a weak business franchise; financial fundamentals that are deficient in one or more respects; or an unpredictable and unstable operating environment.
- Banks rated E display very modest intrinsic financial strength, with a higher likelihood of periodic outside support or an eventual need for outside assistance. Such institutions may be limited by one or more of the following factors: a weak and limited business franchise; financial fundamentals that are materially deficient in one or more respects; or a highly unpredictable or unstable operating environment.

Note: Where appropriate, a "+" modifier will be appended to ratings below the "A" category and a "-" modifier will be appended to ratings above the "E" category to distinguish those banks that fall in intermediate categories.

INSURANCE FINANCIAL STRENGTH RATINGS

Moody's Insurance Financial Strength Ratings are opinions of the ability of insurance companies to repay punctually senior policyholder claims and obligations. Specific obligations are considered unrated unless they are individually rated because the standing of a particular insurance obligation would depend on an assessment of its relative standing under those laws governing both the obligation and the insurance company.

Insurance Financial Strength Ratings, shown in connection with property/casualty groups, represent the ratings of individual companies within those groups, as displayed in Moody's insurance industry ratings list. The rating of an individual property/casualty company may be based on the benefit of its participation in an intercompany pooling agreement. Pooling agreements may or may not provide for continuation of in-force policyholder obligations by pool members in the event that the property/casualty insurer is sold to a third party or otherwise removed from the pooling agreement.

Moody's assumes in these ratings that the pooling agreement will not be modified by the members of the pool to reduce the benefits of pool participation, and that the insurer will remain in the pool. Moody's makes no representation or warranty that such pooling agreement will not be modified over time, nor does Moody's opine on the probability that the rated entity may be sold or otherwise removed from the pooling agreement.

Long-Term Insurance Financial Strength Ratings

Moody's rating symbols for Insurance Financial Strength Ratings are identical to those used to indicate the credit quality of long-term obligations. These rating gradations provide investors with a system for measuring an insurance company's ability to meet its senior policyholder claims and obligations.

Aaa	Insurance companies rated Aaa offer exceptional financial security. While the credit profile of these companies is likely to change, such changes as can be visualized are most unlikely to impair their fundamentally strong position.
Aa	Insurance companies rated Aa offer excellent financial security. Together with the Aaa group, they constitute what are generally known as high-grade companies. They are rated lower than Aaa companies because long-term risks appear somewhat larger.
Α	Insurance companies rated A offer good financial security. However, elements may be present which suggest a susceptibility to impairment sometime in the future.
Baa	Insurance companies rated Baa offer adequate financial security. However, certain protective elements may be lacking or may be characteristically unreliable over any great length of time.
Ва	Insurance companies rated Ba offer questionable financial security. Often the ability of these companies to meet policyholder obligations may be very moderate and thereby not well safeguarded in the future.
В	Insurance companies rated B offer poor financial security. Assurance of punctual payment of policyholder obligations over any long period of time is small.
Caa	Insurance companies rated Caa offer very poor financial security. They may be in default on their policyholder obligations or there may be present elements of danger with respect to punctual payment of policyholder obligations and claims.
Ca	Insurance companies rated Ca offer extremely poor financial security. Such companies are often in default on their policyholder obligations or have other marked shortcomings.
С	Insurance companies rated C are the lowest-rated class of insurance company and can be regarded as having extremely poor prospects of ever offering financial security.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. Numeric modifiers are used to refer to the ranking within a group — with 1 being the highest and 3 being the lowest. However, the financial strength of companies within a generic rating symbol (Aa, for example) is broadly the same.

Short-Term Insurance Financial Strength Ratings

Short-Term Insurance Financial Strength Ratings are opinions of the ability of the insurance company to repay punctually its short-term senior policyholder claims and obligations. The ratings apply to senior policyholder obligations that mature or are payable within one year or less.

Specific obligations are considered unrated unless individually rated because the standing of a particular insurance obligation would depend on an assessment of its relative standing under those laws governing both the obligation and the insurance company.

P-1	Insurers (or supporting institutions) rated Prime-1 have a superior ability for repayment of senior short-term policyholder claims and obligations.
P-2	Insurers (or supporting institutions) rated Prime-2 have a strong ability for repayment of senior short-term policyholder claims and obligations.
P-3	Insurers (or supporting institutions) rated Prime-3 have an acceptable ability for repayment of senior short-term policyholder claims and obligations.
NP	Insurers (or supporting institutions) rated Not Prime (NP) do not fall within any of the Prime rating categories.

When ratings are supported by the credit of another entity or entities, then the name or names of such supporting entity or entities are listed within parenthesis beneath the name of the insurer, or there is a footnote referring to the name or names of the supporting entity or entities.

In assigning ratings to such insurers, Moody's evaluates the financial strength of the affiliated insurance companies, commercial banks, corporations, foreign governments, or other entities, but only as one factor in the total rating assessment. Moody's makes no representation and gives no opinion on the legal validity or enforceability of any support arrangement.

MONEY MARKET AND BOND FUND RATINGS

Moody's Money Market and Bond Fund Ratings are opinions of the investment quality of shares in mutual funds and similar investment vehicles which principally invest in short-term and long-term fixed income obligations, respectively. As such, these ratings incorporate Moody's assessment of a fund's published investment objectives and policies, the creditworthiness of the assets held by the fund, as well as the management characteristics of the fund. The ratings are not intended to consider the prospective performance of a fund with respect to appreciation, volatility of net asset value, or yield.

Aaa	Money Market Funds and Bond Funds rated Aaa are judged to be of an investment quality similar to Aaa-rated fixed income obligations — that is, they are judged to be of the best quality.
Aa	Money Market Funds and Bond Funds rated Aa are judged to be of an investment quality similar to Aa-rated fixed income obligations — that is, they are judged to be of high quality by all standards.
A	Money Market Funds and Bond Funds rated A are judged to be of an investment quality similar to A-rated fixed income obligations — that is, they are judged to possess many favorable investment attributes and are considered as uppermedium-grade investment vehicles.
Baa	Money Market Funds and Bond Funds rated Baa are judged to be of an investment quality similar to Baa-rated fixed income obligations — that is, they are considered as medium-grade investment vehicles.
Ba	Money Market Funds and Bond Funds rated Ba are judged to be of an investment quality similar to Ba-rated fixed income obligations — that is, they are judged to have speculative elements.
В	Money Market Funds and Bond Funds rated B are judged to be of an investment quality similar to B-rated fixed income obligations — that is, they generally lack characteristics of a desirable investment.
Caa	Money Market Funds and Bond Funds rated Caa are judged to be of an investment quality similar to Caa-rated fixed income obligations — that is, they are of poor standing.
Ca	Money Market Funds and Bond Funds rated Ca are judged to be of an investment quality similar to Ca-rated fixed income obligations — that is, they represent obligations that are speculative in a high degree.
С	Money Market Funds and Bond Funds rated C are judged to be of an investment quality similar to C-rated fixed income obligations — that is, they are the lowest-rated class of bonds.

Note: Numerical modifiers 1, 2 and 3 may be appended to each rating classification from Aa to Caa. The modifier 1 indicates that the fund or similar investment vehicle ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the fund or similar investment vehicle ranks in the lower end of its letter rating category.

NATIONAL SCALE RATINGS

Moody's assigns national scale ratings in certain local capital markets in which investors have found the global rating scale provides inadequate differentiation among credits or is inconsistent with a rating scale already in common use in the country.

Moody's currently maintains national scale ratings for the following countries:

- Bolivia (.bo)
- Brazil (.br)
- Chile (.cl)
- Mexico (.mx)
- South Africa (.za)
- Taiwan (.tw)
- Uruguay (.uy)

Relative Rankings

Moody's National Scale Ratings are opinions of the relative creditworthiness of issuers and issues within a particular country. While loss expectation will be an important differentiating factor in the ultimate rating assignment, it should be noted that loss expectation associated with National Scale Ratings can be expected to be significantly higher than apparently similar rating levels on Moody's global scale.

Moody's National Scale Ratings rank issuers and issues in order of relative creditworthiness: higher ratings are associated with lower expected credit loss.

Not Globally Comparable

National Scale Ratings can be understood as a relative ranking of creditworthiness (including relevant external support) within a particular country. National Scale Ratings are not designed to be compared among countries; rather, they address relative credit risk within a given country. Use of National Scale Ratings by investors is only appropriate within that portion of a portfolio that is exposed to a given country's local market, taking into consideration the various risks implied by that country's foreign and local currency ratings.

Rating Criteria

National Scale Ratings take into account the intrinsic financial strength of the obligor, including such traditional credit factors as management quality, market position and diversity, financial flexibility, transparency, the regulatory environment, and the issuer's ability to meet its financial obligations through the course of normal local business cycles. Issuer segments subject to an abrupt decline in creditworthiness will generally be rated lower than segments less exposed. Certain external support factors may be taken into consideration, including instrument-specific guarantees and indentures, and parent company or government support (if any).

Treatment of Sovereign Risk

National Scale Ratings take into account all credit risks that bear on timely and full payment of a debt obligation, including sovereign related risks such as relative vulnerability to political developments, national monetary and fiscal policies, and, in rare cases, foreign currency convertibility and transfer risk.

Certain extreme events, such as a local currency payment system disruption, are largely extraneous to the analysis (at least as a differentiating factor) since all issuers would probably be equally affected by such a failure. In other extreme cases, such as a government rescheduling or moratorium on local or foreign currency debt obligations, issuers or issues with higher ratings should be relatively more insulated from such an event; nonetheless, in such a situation, even the highest-rated entities may be at risk of temporary default.

For this reason, the traditional concept of "investment grade" that is applied in the international markets cannot necessarily be applied even to the highest national ratings. Although national governments are often in a position to receive the highest national credit ratings, it cannot, in Moody's view, be taken for granted that a country's national government is necessarily the best credit on a domestic scale, since it is possible for a government to default on its local currency obligations while other issuers continue to perform.

National Scale Long-Term Rating Definitions

The rating definitions are as follows, with an "n" modifier signifying the relevant country, for example, Aaa.br for Brazil, or Aaa.tw for Taiwan.

Aaa.n	Issuers or issues rated Aaa.n demonstrate the strongest creditworthiness relative to other domestic issuers.
Aa.n	Issuers or issues rated Aa.n demonstrate very strong creditworthiness relative to other domestic issuers.
A.n	Issuers or issues rated A.n present above-average creditworthiness relative to other domestic issuers.
Baa.n	Issuers or issues rated Baa.n represent average creditworthiness relative to other domestic issuers.
Ba.n	Issuers or issues rated Ba.n demonstrate below-average creditworthiness relative to other domestic issuers.
B.n	Issuers or issues rated B.n demonstrate weak creditworthiness relative to other domestic issuers.
Caa.n	Issuers or issues rated Caa.n are speculative and demonstrate very weak creditworthiness relative to other domestic issuers.

- Ca.n Issuers or issues rated Ca.n are highly speculative and demonstrate extremely weak creditworthiness relative to other domestic issuers.
- C.n Issuers or issues rated C.n are extremely speculative and demonstrate the weakest creditworthiness relative to other domestic issuers.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

National Scale Short-Term Ratings

Moody's short-term national scale debt ratings are opinions of the ability of issuers in a given country, relative to other domestic issuers, to repay debt obligations that have an original maturity not exceeding one year. Moody's short-term national scale ratings are a measure of relative risk within a single market. National scale ratings in one country should not be compared with national scale ratings in another, or with Moody's global ratings. Loss expectations for a given national scale rating will generally be higher than for its global scale equivalent.

There are four categories of short-term national scale ratings, generically denoted N-1 through N-4. In each specific country, the first two letters will change to indicate the country in which the issuer is located, i.e. BR-1 through BR-4 for Brazil and TW-1 through TW-4 for Taiwan.

- N-1 Issuers rated N-1 have the strongest ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.
- N-2 Issuers rated N-2 have an above average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.
- N-3 Issuers rated N-3 have an average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.
- N-4 Issuers rated N-4 have a below average ability to repay short-term senior unsecured debt obligations relative to other domestic issuers.

Note: The short-term rating symbols P-1.za, P-2.za, P-3.za and NP.za are used in South Africa.

Country Ceilings and Guidelines

COUNTRY CEILINGS FOR FOREIGN CURRENCY OBLIGATIONS

Moody's assigns a ceiling for foreign-currency bonds and notes to every country (or separate monetary area) in which there are rated obligors. The ceiling generally indicates the highest rating that can be assigned to a foreign-currency denominated security issued by an entity subject to the monetary sovereignty of that country or area. In most cases, the ceiling will be equivalent to the rating that is (or would be) assigned to foreign-currency denominated bonds of the government. Ratings that pierce the country ceiling may be permitted, however, for foreign-currency denominated securities benefiting from special characteristics that are judged to give them a lower risk of default than is indicated by the ceiling. Such characteristics may be intrinsic to the issuer and/or related to Moody's view regarding the government's likely policy actions during a foreign currency crisis.

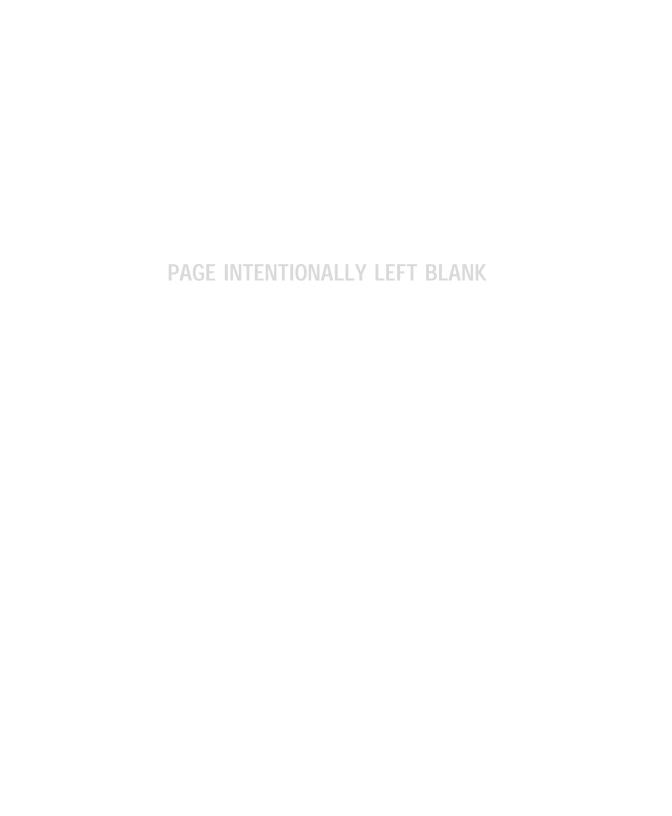
COUNTRY CEILINGS FOR FOREIGN CURRENCY BANK DEPOSITS

Moody's assigns a ceiling for foreign-currency bank deposits and loans to every country (or distinct monetary area) in which there are rated obligors. The ceiling specifies the highest rating that can be assigned to foreign-currency denominated deposit obligations of 1) domestic and foreign branches of banks headquartered in that domicile (even if subsidiaries of foreign banks); and 2) domestic branches of foreign banks. In addition, this ceiling applies to foreign-currency denominated syndicated loans and other non-bond obligations of issuers subject to the authority of the government of that domicile.

COUNTRY GUIDELINES FOR LOCAL CURRENCY OBLIGATIONS

Moody's assigns local currency guidelines for many countries (or distinct monetary areas) in order to facilitate the assignment of local currency ratings to issues and/or issuers. Local currency ratings measure the credit performance of obligations denominated in the local currency and therefore exclude the transfer risk relevant for foreign-currency obligations. They are intended to be globally comparable.

The country guidelines summarize the general country-level risks (excluding foreign-currency transfer risk) that should be taken into account in assigning local currency ratings to locally-domiciled obligors or locally-originated structured transactions. They indicate the rating level that will generally be assigned to the financially strongest obligations in the country, with the proviso that obligations benefiting from support mechanisms based outside the country (or area) may on occasion be rated higher.



Non-Credit Ratings

Mutual Funds

MARKET RISK RATINGS

Moody's Mutual Fund Market Risk (MR) ratings are opinions of the relative degree of volatility of a rated fund's net asset value (NAV). In forming an opinion on the fund's future price volatility, Moody's analysts consider risk elements that may have an effect on a fund's net asset value, such as interest rate risk, prepayment and extension risk, liquidity and concentration risks, currency risk, and derivatives risk. The ratings are not intended to reflect the prospective performance of a fund with respect to price appreciation or yield.

MR1	Money Market Funds and Bond Funds rated MR1 are judged to have very low sensitivity to changing interest rates and other market conditions.
MR2	Money Market Funds and Bond Funds rated MR2 are judged to have low sensitivity to changing interest rates and other market conditions.
MR3	Money Market Funds and Bond Funds rated MR3 are judged to have moderate sensitivity to changing interest rates and other market conditions.
MR4	Money Market Funds and Bond Funds rated MR4 are judged to have high sensitivity to changing interest rates and other market conditions.
MR5	Money Market Funds and Bond Funds rated MR5 are judged to have very high sensitivity to changing interest rates and other market conditions.

Note: A "+" modifier appended to the MR1 rating category denotes constant NAV money market funds and other qualifying funds.

Other Non-Credit Ratings

MANAGEMENT QUALITY RATINGS

Moody's Management Quality Ratings are opinions regarding an organization's management characteristics and operational practices.

The ratings incorporate Moody's assessment of an entity's organizational structure and other management characteristics, including, as applicable, its financial profile, risk management and controls, information technology, operational controls and procedures, regulatory and internal/external compliance activities and client servicing performance. The scope of Moody's assessment applies to an entity's sphere of operations and may vary somewhat from one operational unit to another.

Moody's Management Quality Ratings are different from traditional credit ratings, which assess the ability of the issuer to fulfill its long-term obligations with respect to principal and interest payments. These ratings do not apply to a company's ability to repay a fixed financial obligation, or satisfy contractual financial obligations either in its own right or any that may have been entered into through actively managed portfolios.

The ratings are not intended to consider the prospective performance of a portfolio, mutual fund or other investment vehicle with respect to appreciation, volatility of net asset value, or yield.

Asset Management Companies, Custodian Banks and Service Providers

Management Quality Ratings may be assigned to asset management companies whose principal activity involves the management of institutional and/or retail assets; custodian banks whose principal activity involves the processing and safekeeping of securities; or administrative service providers whose principal activity involves the pricing and accounting of securities, funds and other pooled investments.

Real Estate Entities

Management Quality Ratings may be assigned to real estate investment advisors, general partners, or other entities engaged in the management of commingled open-ended and close-ended funds, unit trusts, partnerships, joint ventures and similar funds that invest in real property and/or mortgages on real property.

US Affordable Housing Providers

Management Quality Ratings may be assigned to public housing authorities whose principle activity involves administering US Department of Housing and Urban Development (HUD) funds and managing public housing; or not-for-profit organizations whose principal activity involves administering government funds and managing low income housing.

Management Quality Rating Definitions:

Aaa(MQ)	Entities rated Aaa(MQ) are judged to exhibit an excellent management and control environment.
Aa(MQ)	Entities rated Aa(MQ) are judged to exhibit a very good management and control environment.
A(MQ)	Entities rated A(MQ) are judged to exhibit a good management and control environment.
Baa(MQ)	Entities rated Baa(MQ) are judged to exhibit an adequate management and control environment.
Ba(MQ)	Entities rated Ba(MQ) are judged to exhibit a questionable management and control environment.
B(MQ)	Entities rated B(MQ) are judged to exhibit a poor management and control environment.

Note: Numerical modifiers 1, 2 and 3 may be appended to each rating classification from Aa(MQ) to B(MQ). The modifier 1 indicates that the entity ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the entity ranks in the lower end of its letter rating category.

PORTFOLIO INVESTMENT QUALITY RATINGS

Moody's Portfolio Investment Quality Ratings reflect diverse quantitative and qualitative factors affecting a fund's portfolio. These include evaluating the impact of economic trends, assessing asset quality, portfolio diversification and performance, and liquidity management.

Moody's employs a "top down and bottom up approach" when assigning Portfolio Investment Quality Ratings. Moody's will first start with a macro analysis — examining broad economic trends — before assessing both the supply and demand fundamentals as well as the competitive position of the assets in the fund.

The "bottom up" approach involves evaluating asset quality and moving to an examination of portfolio characteristics before drawing conclusions about overall risk profile and returns.

The ratings are not intended to consider the prospective performance of a portfolio, mutual fund or other investment vehicle with respect to appreciation, volatility of net asset value, or yield.

When used in conjunction with Management Quality Ratings, the two ratings will be separated by a fraction bar ("/").

Aaa(IQ)	Portfolios rated Aaa(IQ) are judged to have excellent investment quality.
Aa(IQ)	Portfolios rated Aa(IQ) are judged to have very good investment quality.
A(IQ)	Portfolios rated A(IQ) are judged to have good investment quality.
Baa(IQ)	Portfolios rated Baa(IQ) are judged to have adequate investment quality.
Ba(IQ)	Portfolios rated Ba(IQ) are judged to have questionable investment quality.
B(IQ)	Portfolios rated B(IQ) are judged to have poor investment quality.

Note: Numerical modifiers 1, 2 and 3 may be appended to each rating classification from Aa(IQ) to B(IQ). The modifier 1 indicates that the portfolio ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates that the portfolio ranks in the lower end of its letter rating category.

SERVICER QUALITY RATINGS

Moody's Servicer Quality (SQ) Ratings are opinions regarding the ability of a loan servicer to effectively prevent or mitigate losses in a securitization. SQ Ratings are provided for servicers who act as the primary servicer (servicing the loans from beginning to end), special servicer (servicing only the more delinquent loans), or master servicer (overseeing the performance and reporting from all of the servicers). For Primary Servicers, the rating will apply only to the loan types identified in the Servicer Quality Opinion.

A Moody's SQ Rating represents Moody's assessment of a servicer's ability to affect losses based on the factors under its control. The SQ approach works by separating a servicer's performance from the credit quality of the loans being serviced. This is accomplished by measuring actual performance against expected results based on the credit quality of the portfolio being serviced. The approach evaluates how effective a servicer is at either preventing defaults in the first place or maximizing the recoveries to a transaction when defaults do occur.

The SQ Rating also considers the operational and financial stability of a servicer as well as its ability to respond to changing market conditions. This assessment is based on the company's organizational structure and management characteristics, its financial profile, operational controls and procedures as well as its strategic goals.

Moody's SQ Ratings are different from traditional debt ratings which are opinions as to the credit quality of a specific instrument. SQ Ratings do not apply to a company's ability to repay a fixed financial obligation or satisfy contractual financial obligations other than, in limited circumstances, the obligation to advance on delinquent loans it services, when such amounts are believed to be recoverable.

SQ1	Servicers rated SQ1 exhibit strong servicing ability and financial and operational stability. The servicer anticipates and makes modifications in advance of changing market conditions.
SQ2	Servicers rated SQ2 exhibit above average servicing ability. The company is judged to have good financial and operational stability. The servicer is responsive to changing market conditions.
SQ3	Servicers rated SQ3 exhibit average servicing ability. The company is judged to have average financial and operational stability. The servicer is prepared for changing market conditions.
SQ4	Servicers rated SQ4 exhibit elements of weakness in servicing ability and financial and operational stability.
SQ5	Servicers rated SQ5 exhibit weak servicing ability and poor financial and operational stability.

LLOYD'S SYNDICATE PERFORMANCE AND VOLATILITY RATINGS

Moody's Lloyd's Syndicate Performance and Volatility Ratings have been developed in response to the needs of capital providers and insurance purchasers involved with the Lloyd's Market to compare the relative attraction of individual syndicates. The desire to identify those syndicates with the potential to outperform over the medium to long term is coupled with the requirement to identify syndicates with whom insurance purchasers are content to build long-term business relationships. Moody's Lloyd's Syndicate Performance and Volatility Ratings aim to address these needs.

Lloyd's Syndicate Ratings

Qualitative ratings for each syndicate, based on an assessment of both quantitative and qualitative information, indicate Moody's view of the syndicate's relative long-run potential performance based on currently known factors. The ratings are relative to the rest of the syndicates operating in the Lloyd's market. It should be stressed that the ratings do not attempt to assess the security underlying Lloyd's policies.

The syndicate rating is forward looking, only using historical data as a basis for the assessment of the syndicate's future potential. The emphasis is therefore on a given syndicate's potential future performance rather than claims-paying ability.

Lloyd's syndicates rated A+ for performance offer excellent performance and continuity characteristics, with a very high degree of likelihood that their potential Α+ future returns will significantly outperform the market average result over the cycle, and a very limited likelihood that their fundamentally strong position will be impaired. Lloyd's syndicates rated A for performance offer very good performance and continuity characteristics, with a high degree of likelihood that their potential future Α returns will significantly outperform the market average result over the cycle. They are rated lower than A+ because longer-term risks appear somewhat larger. Lloyd's syndicates rated A- for performance offer good performance and continuity Αcharacteristics, with a high degree of likelihood that their potential future returns will outperform the market average result over the cycle. Lloyd's syndicates rated B+ for performance offer above-average performance and B+ continuity characteristics, with a good degree of likelihood that their potential future returns will outperform the market average result over the cycle. Lloyd's syndicates rated B for performance offer average performance and continu-В ity characteristics, with the likelihood that their potential future returns will be in line with the market average result over the cycle. Lloyd's syndicates rated B- for performance offer below average performance and continuity characteristics, with it being questionable whether their potential future Breturns will be in line with the market average result and the likelihood that they will perform below the market average result over the cycle and that they will offer below average continuity prospects to policyholders. Lloyd's syndicates rated C+ for performance offer below-average performance and continuity characteristics, with a good degree of likelihood that their potential C+ future returns will be below the market average result over the cycle and that they will offer below-average continuity prospects to policyholders. Lloyd's syndicates rated C for performance offer below-average performance and continuity characteristics, with a good degree of likelihood that their potential future C returns will be significantly below the market average result over the cycle and that they will offer significantly below-average continuity prospects to policyholders. Lloyd's syndicates rated C- for performance offer below-average performance and continuity characteristics, with a high degree of likelihood that their potential future Creturns will be significantly below the market average result over the cycle and that

they will offer significantly below-average continuity prospects to policyholders.

Lloyd's Volatility Ratings

The volatility rating indicates Moody's view of the potential variability of a syndicate's underwriting returns over the insurance cycle based on the historical variability of pure year underwriting returns and the potential for catastrophe losses in the book currently underwritten, the ratings being relative to the rest of the syndicates operating in the Lloyd's market.

Lloyd's syndicates rated Extremely High for volatility demonstrate the potential for returns to vary significantly from their mean due to the nature of the book of business written. Syndicates in the Extremely **Extremely High** High rating category include all those syndicates demonstrating potential volatility in their returns that is in excess of the six relative rating categories of Low to Very High, this category not being relative on an absolute basis to the underlying rating categories. Lloyd's syndicates rated in these categories are considered to dem-Very High, High, onstrate the potential for their returns to be respectively up to two, Above Average, three, four, five and six times more variable than those syndicates Average, in the Low rating category, due to the nature of the book of busi-Below Average ness written. Lloyd's syndicates rated Low for volatility demonstrate the lowest potential for returns to vary from their mean, relative to the other Low syndicates trading at Lloyd's, due to the nature of the book of business written.

Other Ratings, Policies and Procedures

Other Published Ratings

PROVISIONAL RATINGS

As a service to the market and typically at the request of an issuer, Moody's will assign a provisional rating when it is highly likely that the rating will become final after all documents are received, or an obligation is issued into the market. A provisional rating is denoted by placing a (P) in front of the rating. Such ratings may also be assigned to shelf registrations under SEC rule 415.

UNDERLYING RATINGS

An underlying rating is Moody's published assessment of a particular debt issue's credit quality absent credit enhancement. Moody's will assign and publicly release an underlying rating requested by an issuer for debt that is entirely credit enhanced. The rating scale is identical to the one used for Moody's long-term obligation ratings.

WITHDRAWN

When Moody's no longer rates an obligation on which it previously maintained a rating, the symbol WR is employed.

NOT RATED

The symbol NR is assigned to unrated obligations, issuers and/or programs.

Unpublished Ratings

ESTIMATED RATINGS

Estimated ratings are one-time opinions of the approximate credit quality of individual securities or financial contracts. They are opinions about overall credit quality and are generally used in conjunction with a securitization and as a precursor to indicative ratings.

INDICATIVE RATINGS

Indicative ratings are one-time opinions of the credit quality of individual securities or financial contracts that may be issued in the future, based on draft documentation and discussions early in the rating process. These ratings consider the general credit quality of the issuer as well as the specific attributes of the instrument. Indicators are communicated to the requesting party as a narrow range of ratings with the degree of specificity defined by the requesting party.

INTERNAL RATINGS

Moody's internal ratings are unpublished credit assessments assigned to certain securities and issuers where the underlying credit components are not publicly rated but need to be evaluated to support other published ratings.

NOT AVAILABLE

An issue that Moody's has not yet rated is denoted by the NAV symbol.

TERMINATED WITHOUT RATING

The symbol TWR applies primarily to issues that mature or are redeemed without having been rated.

Policies and Procedures

RATING OUTLOOKS

A Moody's rating outlook is an opinion regarding the likely direction of a rating over the medium term. Where assigned, rating outlooks fall into the following four categories: Positive (POS), Negative (NEG), Stable (STA), and Developing (DEV — contingent upon an event). In the few instances where an issuer has multiple outlooks of differing directions, an "(m)" modifier (indicating multiple, differing outlooks) will be displayed, and Moody's written research will describe any differences and provide the rationale for these differences. A RUR (Rating(s) Under Review) designation indicates that the issuer has one or more ratings under review for possible change, and thus overrides the outlook designation. When an outlook has not been assigned to an eligible entity, NOO (No Outlook) may be displayed.

WATCHLIST

Moody's uses the Watchlist to indicate that a rating is under review for possible change in the short-term. A rating can be placed on review for possible upgrade (UPG), on review for possible downgrade (DNG), or more rarely with direction uncertain (UNC). A credit is removed from the Watchlist when the rating is upgraded, downgraded or confirmed.

CONFIRMATION OF A RATING

A confirmation occurs when a rating is removed from Watchlist.

Rating confirmations are formally entered in Moody's databases and rating action lists (rating release sheets), and are communicated via a press release.

AFFIRMATION OF A RATING

Affirmations are used to indicate that the current rating remains in force. Affirmations are communicated through a press release and may occur:

- following an informal review
- following the release of new information by the issuer
- following a major market event (such as regulatory changes, a major acquisition, and/or market turbulence, etc.)
- in conjunction with an Outlook change

There may be other situations in which ratings are affirmed.

CORPORATE EQUIVALENT RATINGS

Corporate Equivalent Ratings may be assigned to municipal bond obligations issued into taxable bond markets. Such ratings represent an assessment of creditworthiness as measured against Moody's General Long-term Obligation rating scale and provide a translation between the municipal and general rating scales.

REFUNDEDS

Issues that are secured by escrowed funds held in trust, reinvested in direct, non-callable US government obligations or non-callable obligations unconditionally guaranteed by the US Government or Resolution Funding Corporation are identified with a # (hatch mark) symbol, e.g., #Aaa.

CONDITIONAL RATING (*)

Bonds for which the security depends on the completion of some act, or the fulfillment of some condition, are rated conditionally. These are bonds secured by a) earnings of projects under construction, b) earnings of projects unseasoned in operation experience, c) rentals which begin when facilities are completed, or d) payments to which some other limiting condition attaches. The parenthetical rating denotes probable credit stature upon completion of construction or elimination of the basis of the condition.

EXPECTED RATINGS INDICATOR

To address market demand for timely information on particular types of credit ratings, Moody's has licensed to certain third parties the right to generate "Expected Ratings." Expected Ratings are designated by an "e" after the rating code, and are intended to anticipate Moody's forthcoming rating assignments based on reliable information from third party sources (such as the issuer or underwriter associated with the particular securities) or established Moody's rating practices (i.e., medium term notes are typically, but not always, assigned the same rating as the note's program rating). Expected Ratings will exist only until Moody's confirms the Expected Rating, or issues a different rating for the relevant instrument. Moody's encourages market participants to contact Moody's Ratings Desk or visit www.moodys.com if they have questions regarding Expected Ratings, or wish Moody's to confirm an Expected Rating.

Case 1:05-cv-11150-DPW Document 257-13

Filed 02/18/2008

Page 44 of 45

Report number: 79004

Project Coordinator: Mary O'Donnell Design and layout: Yung Chu



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SEALED ORIGINAL - DO NOT SCAN

UNITED STATES DISTRICT COURT DISTRICT OF MASSACHUSETTS

JOHN HANCOCK LIFE INSURANCE COMPANY, at al.)
Plaintiffs,	<u> </u>
v.) C.A. No. 05-11150-DPW) Hon. Judge Douglas P. Woodlock
ABBOTT LABORATORIES,	<u> </u>
Defendant.	,)

ABBOTT LABORATORIES' MOTION FOR LEAVE TO FILE REPLY IN SUPPORT OF ITS MOTION IN LIMINE TO EXCLUDE THE EXPERT TESTIMONY OF MR.

ALAN FRIEDMAN

EXHIBIT C

SEALED ORIGINAL - DO NOT SCAN

UNITED STATES DISTRICT COURT DISTRICT OF MASSACHUSETTS

JOHN HANCOCK LIFE INSURANCE

COMPANY, JOHN HANCOCK

VARIABLE LIFE INSURANCE

COMPANY, and MANULIFE

INSURANCE COMPANY (f/k/2

INVESTORS PARTNER LIFE

INSURANCE COMPANY,

Plaintiffs,

V.

ABBOTT LABORATORIES,

SUPPLEMENTAL AFFIDAVIT OF KEITH HENDRICKS

I, Keith Hendricks, hereby state under oath that:

Defendant.

1. I currently serve as Vice President of Portfolio Analysis and Assessment at defendant Abbott Laboratories ("Abbott"), a position I have held for approximately four years. I have been employed by Abbott since 1990. Prior to my current position, I was the Director of International/Global New Product Planning and Market Research and Director of Decision Support Group Portfolio Analysis. Based on my experience in those positions, I am familiar with Abbott's development and use of commercial forecasts (including nominal sales and estimated probabilities of receiving regulatory approval) for developmental pharmaceutical compounds. I also am generally familiar with Abbott's basic practices and procedures regarding the recording of income and assets on its books.

- 2. In my affidavit submitted on October 12, 2007, I explained that when Abbott updates its commercial forecasts, it incorporates all information known to Abbott at that time and that, under Abbott's standard procedures, the forecasts prepared in early 2001 would reflect all information known to Abbott at that time. I understand that John Hancock has stated that Abbott's individual compound projections are prepared or updated only on an annual basis, usually beginning in June or July of each year. That is incorrect, and contrary to what I testified to in my deposition. At least once a year, Abbott conducts a portfolio-wide revision of forecasts for budgeting purposes. As I noted in my deposition, however, that is not the only time during a year that a particular project's forecast would be revisited. For example, the forecasts are updated from time to time during the year to reflect new information. In addition, although in a typical year the portfolio-wide revision of commercial forecasts generally begins around June or July, it can vary from year to year, as I explained in my deposition. Because Abbott acquired Knoll Pharmaceuticals in December 2000, Abbott began its comprehensive annual revision of the forecasts in January 2001. Therefore, the commercial forecasts from early 2001, which I understand Hancock's damages expert relics upon, would have been recently updated and would reflect all information known to Abbott at the time.
- I understand that Hancock has stated that Abbott's estimates of the 3. probabilities of technical success of compounds as of the spring of 2001, which are used by Mr. Friedman to discount expected revenues, account for "the full amount of the estimated risk [of future events]." In fact, however, the probabilities of success only indicate the likelihood of a compound achieving regulatory approval (i.e.,

technical success) based on what Abbott knows about the compound as of that date. Abbott decreases the probabilities of success if it learns new information about the compound, after the forecast is prepared, that reduces the probability of technical success. Also, the probabilities of success do not account for general commercial risk of other types of risk. Similarly, Abbott's revenue projections only reflect the estimated revenues the compound would generate, if it were approved and marketed, based on the information known to Abbott at that time. Abbott reduces the revenue projections if it learns new information, after the forecast is prepared, that reduces the estimated sales of the compound.

Signed under the pains and penalties of perjury this 23rd day of October, 2007.

SEALED ORIGINAL - DO NOT SCAN

CERTIFICATE OF SERVICE

The undersigned, an attorney, hereby certifies that s/he caused a copy of the foregoing to be served by hand upon the following:

Brian A. Davis Joseph H. Zwicker CHOATE, HALL & STEWART Two International Place Boston, MA 02110

On this 23rd day of October 2007.

Michael S. D'Orsi

			101 1.51 603		Project Expected NPV Probabilistic Prod Index Expected Comm Value (ECV)	
		(15 year analysis) (15 year analysis)	137		Expected Value (EV) R&D Cost NPV	
	g		312		Peak Year Margin	
	nues)				Short-Term Revenue	
Ph ill costs) V of R&D for	n, Ph I, Ph II, 15 years / NP	(Total of all Pre-clin, Ph I, Ph II, Ph II costs) (ENPV of DM for 15 years / NPV of R&D for	119 0.45		R&D to Launch Productivity Index	
	2	(15 year analysis)	38%	IRR=		
		(15 year analysis)	431	12.5% NPV=	Discount Rate Division Margin Analysis	
12	32	14	8		Exp R&D Cost	
okay	okay		okay		i otal Nap	
26	46	16	8		Phase IV	
26	21	1	:	:	PhaseIII	
:	14	12	:	: :	Phase II	
: :	式 :		44	: :	Pre-Clinical Phase I	
				ır		
(31)	(51)	(16)	(8) ::		Taxes	
(31)	(51)	(16)	(8)		Division Margin	
_C 1	3				SG&A (Mkt, Salesforce, Admin)	
÷	:	:	÷		Medical	
26	48	16	8		Research & Dev. Milestones	
: 6	N 5	ā	٥		Research & Development	
26	46	ň			Distribution Margin	
				-	Subtotal, Other Cost of Goods Sold	
				T	Dist. & Public Warehouse	
:	:	:	ŧ		Freight	
;	÷	:	: :		Royallies, Net	
: 1	: :	: :	:		Mfg, Management Exp.	
					Subtotal, Manufacturing Margin	
				1	Less: Other Mig Costs, Net	
1		:		T	Standard Margin	
	1			1	Less: Cost of Sales	
	:	;			Net Sales	
		:	ţ		International Sales	
:	:	E	- 1		Domestic Sales	_
2004	2003	2002 2	2001	_	Base Sales	»
				Indication	Project Goal: In	
			•			
				AB 1-751 2011	Patent Expiration: 20	
				Anti-Mitotic		
				Anti-Mitotic	Abbreviated Frogram Name: Ac	
			nti-Mitotic)	ABT-751 (Anti-Mitotic)		
			tion	Project Information	Projec	
		~ Base	Total		751	ABT-

603	1.51	6t 137	720 312	55.45	119	38%	431		8	okay	8	:	;	4	4	(8)		(8)	:	;	8	;	8	:	.	: :		:	:		1				.	: :		30
	(10 year area)	(15 year analy	720 (2007-2011 Division Margin) 312	(2003-2006 R	119 (Total of all Pre-clin, Ph I, Ph II, Ph III costs)	38% (15 year analysis)	431 (15 year analysis)		200	okay	16	1	12	4		(16)	ŧ	(16)		:	16		16		:	: :		: :	:							:		2002
	1000	/sis)	ivision Margin)	evenues)	e-clin, Ph I, PI	rsis)	rsis)		32	okay	46			_		(51)	1	(51)	3	:	48	2	4				:	: :										2003
				30 7 00 1 00 1	n III, Ph ⊞ cost New of B&D f					Q.	6 26					(31)) (31)	5		3 26																	2004
				or to journ	s) or 15 years)				後されて		3																											2005
							-		11	okay	22	: 1	3 :	ŧ	:	(35)	:	(35)	10	:	25	w	22		:	:	;	:					:	:		:	:	\dashv
									3	okay	1.1	9 -	. 1	;	;	(18)	÷	(18)	42	;	19		⇉	43	6		_	رى د			49	_	49	ω	52		52	2006
										, okay		16:		1			:	8	50		23		18				_	9	:	.	92	_	93	6	98	15		2007
* Includes	ABT Proj - Upside ABT Proj - Low	ABT Proj.	#REF!	#DEF!	######################################	# # # # # # # # # # # # # # # # # # #			5	okay	21	21	:	:	:	85	÷	85	55	:	21		21	161	20		2	18	:	:	181	2	183	12	195	49	146	2008
Includes registration	- Upside - Low	- Base							2	okay	11	11	: :	;	:	155	:	155	55	:	=======================================		#	221	26		ω	23	:	:	247	3	249	17	267	82	185	2009
	100% 100%	100%	31% 50%	5%	50%	40%	Preclin		C. 138.38.34	okay	4	4	: :	:	:	216	:	216	56	;	4		4	275	32		ω	29	i	:	307	ω	311	22	332	104	229	2010
	80% 80%	80%	39% 77%	15%	75%	70%	Ph!	Success		okay			: :	:	i	254	<u></u>	254	55	1			;	309	36		4	32	:	1	345	44	349	25	373	118	255	2011
	60%	60%	50% 67%	20%	51%	50% %	Ph II	ss Probabilities	200000000000000000000000000000000000000	okay		:	: :	ŧ	:	286	} :	286	52	:	:	***	:	337	39		4	35	;		376	4	380	27	407	129	278	2012
	48% 48%	48%	74% 100%	50%	65%	60%	Ph III*	ities	2000 (2000) 2000	okay			: :	:	:	312	; ;	312	9	:	;		:	362	42		.4.	38	:	3	404	4	408	29	437	137	300	2013
ı İ	23% 23%	23%	4% 26%	0%	12%	ع د د د	Launch		Contraction of the Contraction o	окау			: :	: :	1	100		158		; ;	:		:	175	16		23	13	:	:	190	2	192	18	210	144	66	2014
										окау			;	: :	:	100	<u>.</u>	136	2 5	.			÷	151	12		2	10	:	:	163	2	165	16	181	147	35	2015
									1000	cxay			: :	: :	:	140	ລໍ :	123	3 2	:	:		;	136	10		2	00	:	÷	146	2	148	15	163	146	18	2016

ABBT 0003252

Pre-Clin 1 2000 4
ω
Ph III 2 2003 70
Filing (ND,NDA,SNDA, Publication) 4 2005
_

2016 Total

HIGHLY CONFIDENTIAL

Domestic Contact:	Lori Taylor 82891
International Contact:	Lori Taylor 82891
R&D Contact:	Diane Bronson

Consider is incliniation.	
Domestic Contact:	Lori Taylor 82891
International Contact:	Lori Taylor 82891
R&D Contact:	Diane Bronson

Total ~ Upside

Program Name: ABT-751 (Anti-Mitotic)
Project Title: Anti-Mitotic

International Sales Net Sales Standard Margin Domestic Sales Less: Costs of Sales Upside Sales

SG&A (Mkt, Salesforce, Admin)

Division Margin ⊺axes

(16)

(31)

(51) (51)

(35) (35) 25 10

443

16 16

46 48

22

62

152

332

81

8

848

944 <u>2</u>

1,027

562 8

500

493

6,201 181 638

37

113

72 9

11

101 12

7

30

565 74

Ξ బ

23 18

8 : 1

751

67

36

35 : :

35 :

526

465

Net Income

Distribution Margin Subtotal, Other Costs of Goods Sold Subtotal, Manufacturing Margin Freight Royalties, Net Less: Other Mfg Costs, Net Research & Development Dist. & Public Warehouse Project Expense Mfg. Management Exp. Research & Dev. Milestones Subtotal, R&D

170 172

372 376

809 817

941 951

1,047 1,059

1,139

808 614

529 6 6

6,840 6,914

542 537

622

1	:		
		2002	
	:	2003	
		2004	

2006

2007

306 398

434 661

385

759 465 1,225 73 1,152

164 496 45

584 503

510 576 42

noth Deropatile	R&D Cost NPV	Expected Value (EV)	Peak Year Margin	Long-Term Division Margin	Short-Term Revenue	Productivity Index	R&D to Launch		Division Margin Analysis	Discount Rate
								IRR	NPV	12.5%
431	137 (15 year analysis)	327 (15 year analysis)	960	2,118 (2007-2011 Division Margin)	77 (2003-2006 Revenues)	2.39 (ENFV of DM for 15 years / NPV of R&D for 15 years)	119 (Total of all Pre-clin, Ph I, Ph II, Ph III costs)	64% (15 year analysis)	1,585 (15 year analysis)	

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ABBT 0003253

R&D to Launch
Productivity Index
Short-Term Revenue
Long-Term Division Margin
Peak Year Margin
Expected Value (EV)
R&D COST (NPV
10th Percentile

Program Name: Project Title:

ABT-

Total ~ Low

ABT-751 (Anti-Mitotic) Anti-Mitotic

49

5 A

9 5

8 8 2

76 6

825 67 756

% Domestic Sales

Net Income
Taxes
Division Margin
SG&A (Mkt. Salosforce, Admin)
Medical
Subtotal, R&D
Research & Dev. Milestones
Research & Development
Distribution Margin
Subtotal, Other Costs of Goods Sold
Dist. & Public Warehouse
Freight
Royalties, Net
Project Expense
Wfg. Management Exp.
Subtotal, Manufacturing Margin
Less: Other Mfg Costs, Net
Standard Margin
Less: Costs of Sales
Net Sales
International Sales

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Discount Rate	12.5%	
Division Margin Analysis	NPV	(34) (15 year analysis)
,	IRR	9% (15 year analysis)
R&D to Launch		119 (Total of all Pre-clin, Ph I, Ph II, Ph III costs)
Productivity Index		-0.34 (ENPV of DM for 15 years / NPV of R&D for 15 years)
Short-Term Revenue		10 (2003-2006 Revenues)
Long-Term Division Margin		86 (2007-2011 Division Margin)
Peak Year Margin		75
Expected Value (EV)		(46) (15 year analysis)
R&D Cost NPV		137 (15 year analysis)

(8) (8)

(16) (16)

(29) (29)

(35) ā :

(43)

32 :: 19

31 :: 23

9 30 : 21

29 = =

45 28 :

ō :

206

CONFIDENTIAL HIGHLY

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Low Case Discounted At 10%

Dollars in Millions

	Lost oyalties	Mi	Lost lestone yments	ŗ	Fotal
Mr. Friedman's Low Case	\$ 221.0	\$	17.0	\$	238.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	 (216.9)		(16.7)		(233.6)
	\$ 4.1	\$	0.3	\$	4.4
Less: Adjustment to Reflect Delay in Launch Dates	 (0.5)		(0.0)		(0.5)
	\$ 3.6	\$	0.3	\$	3.9
Less: Adjustment to Reflect Appropriate Discount Rate	 (0.8)		0.1		(0.7)
	\$ 2.8	\$	0.4	\$	3.2

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 10%

	Annual	Royalty																											
	Sales	Rate	20	003	20	004	20	005	2	006	2	007	2	2008	 2009	2	2010	2	2011	2	2012	2	013	2	014	2	2015	T	otal
ButFor (1)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.3	\$ 0.4	\$	0.6	\$	0.7	\$	1.1	\$	1.5	\$	1.8	\$	1.2	\$	7.6
	400-1000	4.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	Total		\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.3	\$ 0.4	\$	0.6	\$	0.7	\$	1.1	\$	1.5	\$	1.8	\$	1.2	\$	7.6
			-																										
Actual (1)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
	400-1000	4.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	Total		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
Lost Royaltie	es		\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.3	\$ 0.4	\$	0.5	\$	0.6	\$	0.6	\$	0.6	\$	0.6	\$	0.6	\$	4.3
Discount Rate	e At 10% ⁽²⁾			1		1		1		1		1		0.91	0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Re	oyalties		\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.2	\$ 0.3	\$	0.4	\$	0.4	\$	0.4	\$	0.4	\$	0.3	\$	0.3	\$	2.8
				•																									

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1A.2.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																												
	Sales	Rate	20	003	20	004	20	005	2	006	2	007	2	008	2	2009	2	2010	2	2011	2	2012	2	013	2	014	2	015	T	otal
ButFor (1)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.3	\$	0.4	\$	0.6	\$	0.7	\$	1.1	\$	1.5	\$	1.8	\$	1.2	\$	7.6
	400-1000	4.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	Total		\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.3	\$	0.4	\$	0.6	\$	0.7	\$	1.1	\$	1.5	\$	1.8	\$	1.2	\$	7.6
Actual (2)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
	400-1000	4.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	Total		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
								_						_																
Lost Royaltie	s		\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.3	\$	0.4	\$	0.5	\$	0.6	\$	0.6	\$	0.6	\$	0.6	\$	0.6	\$	4.3
Discount Rate	e At 4.04% ⁽³⁾			1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Ro			\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.2	\$	0.3	\$	0.4	\$	0.5	\$	0.5	\$	0.5	\$	0.5	\$	0.4	\$	3.6
	-																		_		_									

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 1A.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 1A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales (1)

Program Compound	Indication	Region	20	003	20	004	20	005	20	006	20	007	2	008	2	009	20	010	2	011	2	012	2	2013	2	014	2	015	T	otal
Compounds At Issue (2)	<u>-</u>																													
ABT-518	All	Global							\$	-	\$	-	\$	-	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.6
ABT-594	Chron. Perc. Pain	Global								-		0.0		0.1		0.2		0.3		0.5		0.6		0.6		0.6		0.6		3.7
ABT-594	Neuro Pain	Global								-		0.1		0.3		0.2		0.4		0.5		0.7		0.7		0.7		0.7		4.3
ABT-594	Nociceptive pain	Global								-		-		0.0		0.0		0.0		0.1		0.1		0.1		0.1		0.1		0.6
ABT-773	Tablet	Global								0.1		1.4		2.4		3.4		4.3		5.0		5.1		5.0		4.8		4.6		36.0
ABT-773	IV	Global								-		-		0.1		0.2		0.3		0.4		0.5		0.5		0.5		0.5		3.2
ABT-773	Japan	Global								-		-		0.1		0.1		0.2		0.3		0.4		0.4		0.4		0.4		2.2
Subtotal			\$	-	\$	-	\$	-	\$	0.1	\$	1.5	\$	3.0	\$	4.2	\$	5.6	\$	6.9	\$	7.4	\$	7.5	\$	7.3	\$	7.0	\$	50.6
Reduction for 10 Year Ro	yalty Limit																													-
Subtotal			\$	-	\$	-	\$	-	\$	0.1	\$	1.5	\$	3.0	\$	4.2	\$	5.6	\$	6.9	\$	7.4	\$	7.5	\$	7.3	\$	7.0	\$	50.6
Other Compounds	_																													
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sales	s		\$	-	\$	-	\$	-	\$	0.1	\$	1.5	\$	3.0	\$	4.5	\$	6.5	\$	8.6	\$	12.4	\$	18.0	\$	20.7	\$	14.6	\$	89.9

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds – ABT-518, ABT-594 and ABT-773 – and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1A.5.

⁽²⁾ Expected sales have been shifted by three years to reflect the average delay in the development of compounds that are part of the deal but are not at issue in this case, calculated in Schedule 1A.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																												
	Sales	Rate	2	.003	2	004	20	005	2	006	2	007	2	2008	2	2009	2	2010	2	011	2	2012	2	013	2	014	2	015	T	otal
ButFor (1)	Up to 400 400-1000	8.50% 4.00%	\$	0.0	\$	0.1	\$	0.3	\$	0.4	\$	0.5	\$	0.6	\$	0.6	\$	0.7	\$	0.8	\$	1.0	\$	1.0	\$	1.2	\$	0.7	\$	7.8
	1000-2000	1.00%		_		_		_		_		_		_		_		_		_		_		_		_		_		_
	>2000	0.50%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	Total		\$	0.0	\$	0.1	\$	0.3	\$	0.4	\$	0.5	\$	0.6	\$	0.6	\$	0.7	\$	0.8	\$	1.0	\$	1.0	\$	1.2	\$	0.7	\$	7.8
Actual (2)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
	400-1000	4.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-		-		-		-		-		-		-		-		
	Total		\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
Lost Royalties Discount Rate			\$	0.0	\$	0.1	\$	0.3	\$	0.4	\$	0.5	\$	0.6	\$	0.6	\$	0.6	\$	0.6	\$	0.6	\$	0.1	\$	0.0	\$	0.0	\$	4.5
			•	0.0	<u> </u>	0.1	<u> </u>	0.2	<u> </u>	0.4	<u>_</u>	0.5	<u> </u>	0.96	Φ.	0.92	<u> </u>	0.89	•	0.85	<u> </u>	0.82	<u>_</u>	0.79	<u> </u>	0.76	ф.	0.73	•	11
PV of Lost Ro	yaities		Þ	0.0	\$	0.1	Þ	0.3	Þ	0.4	\$	0.5	\$	0.6	\$	0.6		0.6	Þ	0.5		0.5	Þ	0.1	\$	0.0	\$	0.0	\$	4.1

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 1A.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 1A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales

Program Compound	Indication	Region	20	003	20	004	2	:005	20	006	20	007	2	008	2	2009	20	010	2	011	2	012	2	013	2	014	2	015	Т	otal
Compounds at Issue (1)	<u>-</u> .																													
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	1.3
ABT-594	Chron. Perc. Pain	Global		-		0.0		0.1		0.2		0.3		0.5		0.6		0.6		0.6		0.6		0.6		0.6		0.5		5.4
ABT-594	Neuro Pain	Global		-		0.1		0.3		0.2		0.4		0.5		0.7		0.7		0.7		0.7		0.7		0.6		0.6		6.2
ABT-594	Nociceptive pain	Global		-		-		0.0		0.0		0.0		0.1		0.1		0.1		0.1		0.1		0.1		0.1		0.1		0.9
ABT-773	Tablet	Global		0.1		1.4		2.4		3.4		4.3		5.0		5.1		5.0		4.8		4.6		4.3		4.1		3.9		48.4
ABT-773	IV	Global		-		-		0.1		0.2		0.3		0.4		0.5		0.5		0.5		0.5		0.5		0.5		0.4		4.6
ABT-773	Japan	Global		-		-		0.1		0.1		0.2		0.3		0.4		0.4		0.4		0.4		0.3		0.3		0.3		3.2
Subtotal			\$	0.1	\$	1.5	\$	3.0	\$	4.2	\$	5.6	\$	6.9	\$	7.4	\$	7.5	\$	7.3	\$	7.0	\$	6.8	\$	6.5	\$	6.1	\$	70.0
Reduction for 10 Year Ro	oyalty Limit																							5.2		6.3		5.9		17.4
Subtotal			\$	0.1	\$	1.5	\$	3.0	\$	4.2	\$	5.6	\$	6.9	\$	7.4	\$	7.5	\$	7.3	\$	7.0	\$	1.6	\$	0.2	\$	0.2	\$	52.6
Other Compounds (2)	_																													
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sale	es		\$	0.1	\$	1.5	\$	3.0	\$	4.2	\$	5.6	\$	6.9	\$	7.6	\$	8.3	\$	9.0	\$	12.1	\$	12.1	\$	13.6	\$	7.8	\$	92.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to origina expected sales for the six other compounds that are part of the deal but not at issue in this case. For example, ABT-518 sales for 2011 are calculated as 10 (expected sales per Mr. Friedman; see Schedule 1A.9) x .02 (diminishment factor; see Schedule 1A.7).

(2) Source: Schedule 1A.6.

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Actual Sales (1)

Program Compound	Indication	Region	20	003	20	04	20	005	20	006	20	007	20	008	2	009	20	010	20	011	20)12	2	013	2	014	20	015	T	otal
Compounds at Issue																														
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	Chron. Perc. Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Neuro Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Tablet	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	IV	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reduction for 10 Year R	Royalty Limit																												\$	-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Other Compounds																														
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected Actual Net Sale	es		\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 --

and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 4.4.

Calculation of Expected Sales Diminishment Factor Low Case

Expected Sales for Compounds ABT-518, ABT-594 and ABT-773

Per Abbott 2001 Projections (1)	2,841	A
Per Hancock 2001 Projections (2)	6,086	В
	2.14	C = B/A

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections (3)	4,552	D
Per Abbott 2005 Projections (3)	39	E
	0.01	F = E/D

Expected Sales Diminishment Factor

0.02 $G = C \times F$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Notes: (1) Source: Friedman Exhibit 4.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model For Compounds ABT 773, ABT 594 and ABT 518 and All Years".

(3) Source: Schedule 1A.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case

Per Abbott 2005 Projections (1)	\$ -
	\$ -
ABT-510 Non-Sarcoma US \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	
ABT-510 Non-Sarcoma Ex-US	-
ABT-751 All US 0.2 0.3 0.7 1.8 3.4 4.2 2.4	13.0
ABT-751 All Ex-US 0.1 0.6 1.0 3.2 7.2 9.2 5.2	26.4
ABT-627 Non PCA US	-
ABT-627 Non PCA Ex-US	-
ABT-627 HRPCA US	-
ABT-627 HRPCA Ex-US	-
ABT-627 Japan Ex-US	-
ABT-627 Ph IV Studies US	-
ABT-627 Ph IV Studies Ex-US	-
ABT-100 All Global	-
ABT-724 All Global	-
ABT-492 All Global	-
Subtotal \$ 0.2 \$ 0.9 \$ 1.7 \$ 5.0 \$ 10.6 \$ 13.4 \$ 7.6 \$ - \$ - \$ - \$ - \$ - \$	\$ 39.4
Per Hancock 2001 Projections (2)	
ABT-510 \$ 5.7 \$ 14.8 \$ 34.1 \$ 56.8 \$ 90.9	\$ 202.2
ABT-751 10.2 26.5 61.2 102.0 163.2 183.6 204.0	750.7
ABT-627 24.4 63.3 146.2 243.6 389.8 438.5 487.2 487.2 487.2	2,767.3
ABT-100 1.9 5.0 11.5 19.2 30.7 34.6 38.4	141.3
ABT-724 2.2 5.7 13.2 22.0 35.2 39.6	117.9
ABT-492 6.1 15.9 36.7 61.2 97.9 110.2 122.4 122.4	572.8
Subtotal \$ 50.5 \$ 131.2 \$ 302.9 \$ 504.8 \$ 807.7 \$ 806.4 \$ 852.0 \$ 609.6 \$ 487.2 \$ - \$ - \$	\$ 4,552.3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 4.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound".

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	20	03	2	004	2	2005	2	006	2	007	2	008	2	2009	2	010	2	011	20	12	2	013	2	2014	2	015	T	Total
Compounds at Issue	_																													
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	0	\$	1	\$	2	\$	4	\$	6	\$	10	\$	11	\$	12	\$	12	\$	12	\$	72
ABT-594	Chron. Perc. Pain	Global		-		2		6		12		19		27		34		35		33		32		31		31		29		291
ABT-594	Neuro Pain	Global		-		4		17		12		21		29		36		37		38		37		36		35		33		335
ABT-594	Nociceptive pain	Global		-		-		1		2		3		4		5		6		6		6		6		6		6		48
ABT-773	Tablet	Global		7		77		129		181		230		272		274		269		258		246		235		223		213		2,614
ABT-773	IV	Global		-		-		6		13		18		23		27		29		29		28		28		27		22		246
ABT-773	Japan	Global		-		-		3		8		12		18		20		20		20		19		18		18		17		172
Subtotal			\$	7	\$	82	\$	162	\$	227	\$	303	\$	374	\$	399	\$	403	\$	394	\$	380	\$	366	\$	351	\$	331	\$	3,779
Reduction for 10 Year Ro	oyalty Limit (2)																							280		339		319		938
Subtotal			\$	7	\$	82	\$	162	\$	227	\$	303	\$	374	\$	399	\$	403	\$	394	\$	380	\$	86	\$	12	\$	12	\$	2,841
Other Compounds	_																													
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0		0		1		2		3		4		2		13
ABT-751	All	Ex-US		-		-		-		-		-		-		0		1		1		3		7		9		5		26
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global											_									_								
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Expected But-For Net Sale	s		\$	7	\$	82	\$	162	\$	227	\$	303	\$	374	\$	399	\$	403	\$	396	\$	385	\$	96	\$	26	\$	20	\$	2,880

Notes: (1) Source: Friedman Exhibit 4.4.

(2) Source: Friedman Exhibit 4.2.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	200)3	2004	l	2005		200	6	200	7	2008	3	2009		2010		2011		2012		2013	3	201	.4	201	.5	To	otal
Compounds at Issue	•																													
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	Chron. Perc. Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Neuro Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Tablet	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	IV	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reduction for 10 Year Roy	alty Limit (2)																													_
Subtotal			\$		\$	<u>-</u>	\$	<u>-</u>	\$	_	\$		\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$		\$	<u>-</u>	\$	-	\$		\$		\$	
Other Compounds																														
ABT-510	Non-Sarcoma	US	\$	_	\$	-	\$	_	\$	_	\$	-	\$	_	\$	_	\$	_	\$	-	\$	_	\$	_	\$	-	\$	_	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-		_		-		-		-		_		-		_		_		_		-		-		-
ABT-751	All	US		-		-		_		-		-		-		0		0		1		2		3		4		2		13
ABT-751	All	Ex-US		-		-		-		-		-		-		0		1		1		3		7		9		5		26
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	_	\$	_	\$	_	\$	-	\$	-	\$	-	\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Expected Net Sales (But For))		\$		\$	<u>-</u>	\$	<u>-</u>	\$	_	\$	-	\$	_	\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39

Notes: (1) Source: Friedman Exhibit 4.4.

(2) Source: Friedman Exhibit 4.2.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 10%

	20	003	20	004	20	005	20	06	2	007	2	008	2	009	2	010	2	2011	2	012	2	2013	2	014	2	015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	1.0	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.9
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$	-	\$	-	\$	-	\$	_	\$	1.0	\$		\$	(0.8)	\$		\$		\$	-	\$	-	\$	-	\$	-	\$	0.3
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	1.0	\$	-	\$	(0.6)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1A.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	20	003	20	004	20	005	20	06	20	007	2	2008	2	009	2	010	2	011	2	012	2	2013	2	014	2	015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	1.0	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.9
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$	-	\$		\$	-	\$	_	\$	1.0	\$		\$	(0.8)	\$	-	\$		\$	-	\$		\$	_	\$	-	\$	0.3
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	1.0	\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 1A.13.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

But For	_																											
Program Compound	20	003	2	004	2	005	2	006	2	007	2	008	2	009	20	10	2	011	20)12	20	013	2	014	20	015	T	otal
Compounds at Issue (2)																												
ABT-518	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0
ABT-594		-		-		-		-		0.1		-		-		-		-		-		-		-		-		0.1
ABT-773		-		-		-		-		0.9		-		-		-		-		-		-		-		-		0.9
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	1.0	\$	-	\$	0.0	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Other Compounds																												
ABT-510	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-751		-		-		-		-		-		-		0.8		-		-		-		-		-		-		0.8
ABT-627		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.8
Nominal Net Milestones	\$	-	\$	-	\$	-	\$	-	\$	1.0	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.9
Actual Program Compound	20	003	2	004	2	005	20	006	2	007	2	008	2	009	20	10	20	011	20	012	20	013	2	014	2(015	Т	otal
Compounds at Issue																												
ABT-518	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Compounds																												
ABT-510	\$	-	\$	_	\$	_	\$	_	\$	-	\$	_	\$	-	\$	_	\$	_	\$	-	\$	-	\$	-	\$	_	\$	_
ABT-751		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
ABT-627		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724		_																										
ABT-492				-		-		-		-		-		-		-		-		-		-		-		-		-
		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	- -	\$	- -	\$	-	\$	- - -	\$	1.6	\$	-	\$	-	\$	-	\$	-	\$	- -	\$	-	\$	1.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1A.15.

⁽²⁾ Expected milestones have been shifted by three years to reflect the average delay in the development of compounds that are part of the deal but are not at issue in this case, calculated in Schedule 1A.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	20	003	2	004	20	005	2	006	20	07	2	2008	2	.009	2	010	2	2011	2	012	2	013	2	2014	2	2015	T	otal
ButFor (1)	\$	-	\$	1.0	\$	-	\$	0.0	\$	-	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.9
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$	-	\$	1.0	\$		\$	0.0	\$	_	\$		\$	(0.8)	\$		\$		\$		\$		\$		\$	_	\$	0.3
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	1.0	\$	-	\$	0.0	\$	-	\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 1A.15.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

																											_	
Program Compound	20	003	2	004	20	005	2	006	2	007	20	800	2	009	20	010	20	011	2()12	2	013	2	014	2	015	T	otal
Compounds at Issue (2)																												
ABT-518	\$	-	\$	-	\$	-	\$	0.0	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0
ABT-594		-		0.1		-		-		-		-		-		-		-		-		-		-		-		0.1
ABT-773		-		0.9		-		-		-		-		-		-		-		-		-		-		-		0.9
Subtotal	\$	-	\$	1.0	\$	-	\$	0.0	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Other Compounds																												
ABT-510	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-751		-		-		-		-		-		-		0.8		-		-		-		-		-		-		0.8
ABT-627		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.8
Nominal Net Milestones	\$	_	\$	1.0	\$	_	\$	0.0	\$	_	\$	_	\$	0.8	\$	-	\$	_	\$	_	\$	_	\$	_	\$	-	\$	1.9
Actual																												
Program Compound	20	003	20	004	20	005	2	006	2	007	20	008	20	009	20	010	20	011	20)12	20	013	2	014	20	015	Т	otal
Program Compound Compounds at Issue	20	003		004	20	005	2	006	2	007		008		009	20)10	20	011	2()12		013	2	014		015	Т	otal
	\$	003	\$	004	\$	005	\$	006	\$	007	\$	008	\$	009	\$)10 -	\$	011	\$)12	\$	013	\$	014	\$	015		otal -
Compounds at Issue				004 - -		005 - -				007	\$		\$	009 - -	\$)10 - -		011 - -)12 - -		013		014		015 - -		otal - -
Compounds at Issue ABT-518				- - -		005		006 - - -		007 - - -	\$		\$	0 09 - - -	\$	010 - - -		011 - - -)12 - - -		013				015 - - -		otal - -
Compounds at Issue ABT-518 ABT-594										- - - -	\$		\$		\$	010 - - - -		011 - - -		- - - -				014 - - -		015 - - -		otal
Compounds at Issue ABT-518 ABT-594 ABT-773	\$		\$	- - -	\$	- - -	\$		\$		\$	-	\$	- - -	\$		\$	011 - - - -	\$	- - -	\$		\$	- -	\$	- - -	\$	otal - - -
Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal	\$		\$	- - -	\$	- - -	\$		\$		\$	-	\$	- - -	\$		\$		\$	- - -	\$		\$	- -	\$	- - -	\$	- - - -
Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds	\$ \$		\$	- - -	\$	- - -	\$	- - - -	\$		\$	-	\$	- - -	\$		\$	011 - - - -	\$	- - -	\$		\$	- -	\$	- - -	\$	- - - - - 1.6
Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510	\$ \$		\$	- - -	\$	- - -	\$		\$		\$	-	\$	- - -	\$		\$	- - - - -	\$	- - -	\$		\$	- -	\$	- - -	\$	
Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751	\$ \$		\$	- - -	\$	- - -	\$		\$		\$	-	\$	- - -	\$		\$		\$	- - -	\$		\$	- -	\$	- - -	\$	
Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627	\$ \$		\$	- - -	\$	- - -	\$		\$		\$	-	\$	- - -	\$		\$	011 - - - - - - - -	\$	- - -	\$		\$	- -	\$	- - -	\$	
Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724 ABT-492	\$ \$		\$	- - -	\$	- - -	\$		\$		\$	-	\$	- - - 1.6	\$		\$		\$	- - -	\$		\$	- -	\$	- - -	\$	
Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ \$		\$	- - -	\$	- - -	\$	- - - - - - - - - -	\$		\$	-	\$	- - -	\$		\$	- - - - - - - - - -	\$	- - -	\$		\$	- -	\$	- - -	\$	

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1A.17.

(2) Expected milestones are estimated as expected milestones per Mr. Friedman adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for the six other compounds that are part of the deal but not at issue in this case. For example, ABT-594 milestones for 2004 are calculated as 2 (expected milestones per Mr. Friedman; see Schedule 1A.17) x .06 (diminishment factor; see Schedule 1A.16).

Calculation of Expected Probability of Success Diminishment Factor Low Case

	Α	В	C = B / A
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion
at Issue	Projections (1)	Projections (2)	Factor
ABT-518	6.00%	10.00%	1.67
ABT-594	17.00%	50.00%	2.94
ABT-773	75.20%	70.00%	0.93
		Average	D
Other	Per Hancock 2001	Per Abbott 2005	Conversion
Compounds	Projections (3)	Projections (1)	Factor
ABT-510	30.00%	0.00%	-
ABT-751	40.00%	8.00%	0.20
ABT-627	70.00%	0.00%	-
ABT-100	10.00%	0.00%	-
ABT-724	10.00%	0.00%	-
ABT-492	30.00%	0.00%	
		Average	E
Expec	ted Probability of Success	Diminishment Factor	0.06 $F = D \times E$

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Notes: (1) Source: Friedman Exhibit 5.3

- (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
- (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."

Re-creation of Mr. Friedman's Expected Milestones Forecast ${\bf Low~Case}$

But For (1) Program Compound	200	13	20	004	2005	;	2006		2007	200	08	20	09	2010	2011	20	12	201	13	201	14	20	15	Τo	tal
Compounds at Issue				,,,,																	<u> </u>				
ABT-518	\$		\$		\$	- \$		1 \$		\$		\$		\$	- \$	- \$		\$		\$		\$		\$	1
ABT-518 ABT-594	Þ	-	Þ	2	Þ	- ф		1 5	-	Þ	-	Þ	-	Þ	- э	- Þ	-	Þ	-	Þ	-	Þ	-	Þ	1 2
ABT-773		-		15		-		-	-		-		-		-	-	-		-		-		-		15
Subtotal	\$	÷	\$	17	\$	- \$		<u>-</u>		\$	-	\$	÷	\$	- \$	- \$	÷	\$	÷	\$	-	\$	-	\$	17
Other Compounds																				-					
ABT-510	\$	_	\$	_	\$	- \$		- \$	_	\$	_	\$	_	\$	- \$	- \$	_	\$	_	\$	_	\$	_	\$	_
ABT-751		_		_		_		_	-		_		1		-	-	_		-		_		_		1
ABT-627		-		-		-		-	-		-		-			-	-		-		-		-		-
ABT-100		-		-		-		-	-		-		-			-	-		-		-		-		-
ABT-724		-		-		-		-	-		-		-		-	-	-		-		-		-		-
ABT-492		-		-		-		-	-		-		-			-	-		-		-		-		-
Subtotal	\$	-	\$	-	\$	- \$		- \$	-	\$	-	\$	1	\$	- \$	- \$	-	\$	-	\$	-	\$	-	\$	1
	•		_		_	_				\$	-	¢	1	¢	- \$	- \$		\$		\$	_	\$	-	¢	18
Actual ⁽²⁾	\$	_	<u> </u>	17		<u>-</u> \$		1 \$											<u>-</u>						
Actual ⁽²⁾ Program Compound	200			004	2005		2006		2007	200		20		2010	2011			201		201		20			otal
Actual ⁽²⁾ Program Compound Compounds at Issue	200									200		20			2011	20		201		201		20		То	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518	<u></u>																								
ABT-594	200									200		20			2011	20		201		201		20		То	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518	200						2006			200		20		2010	2011	20		201		201		20		То	
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal	\$		\$	004 - -	2005	- \$ -	2006	- \$ -	2007 - - -	\$	- - -	\$	09 - - -	2010	2011	- \$ -	- - -	\$		\$	14 - - -	\$	- - -	To	
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal	\$		\$	004 - -	2005	- \$ -	2006	- \$ -	2007 - - -	\$	- - -	\$	09 - - -	2010	2011	- \$ -	- - -	\$		\$	14 - - -	\$	- - -	To	
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds	\$		\$	004 - -	\$	- \$ -	2006	- \$ -	2007 - - -	\$		\$	09 - - -	2010 \$	2011	\$	- - -	\$		\$	14 - - -	\$	- - -	* \$	
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510	\$		\$	004 - -	\$	- \$ -	2006	- \$ -	2007 - - -	\$		\$	- - - -	2010 \$	2011	\$	- - -	\$		\$	14 - - -	\$	- - -	* \$	- - - -
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751	\$		\$	004 - -	\$	- \$ -	2006	- \$ -	2007 - - -	\$		\$	- - - -	2010 \$	2011	\$	- - -	\$		\$	14 - - -	\$	- - -	* \$	otal - - - -
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627	\$		\$	004 - -	\$	- \$ -	2006	- \$ -	2007 - - -	\$		\$	- - - -	2010 \$	2011	\$	- - -	\$		\$	14 - - -	\$	- - -	* \$	- - - -
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100	\$		\$	004 - -	\$	- \$ -	2006	- \$ -	2007 - - -	\$		\$	- - - -	2010 \$	2011	\$	- - -	\$		\$	14 - - -	\$	- - -	* \$	- - - -
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$		\$	004 - -	\$	- \$ -	2006	- \$ -	2007 - - -	\$		\$	- - - -	2010 \$ \$	2011	\$	- - -	\$		\$	14 - - -	\$	- - -	* \$	- - - -
Actual (2) Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724 ABT-492	\$		\$ \$	- - - - - - -	\$	- \$	2006	- \$ \$	2007 	\$	- - - - - - -	\$	2	\$ \$ \$	2011 - \$ - \$ - \$			\$ \$ \$		\$	- - - - - - -	\$\$		\$ \$	2

Notes: (1) Source: Friedman Exhibit 4.6.

(2) Source: Friedman Exhibit 4.7.

Calculation of Compound Launch Delay Low Case

Compounds Not At Issue	Per Abbott 2001 Projections ⁽¹⁾	Per Abbott 2005 Projections (2)	Difference
ABT-510	2006	n/a	n/a
ABT-751	2006	2009	3
ABT-627	2004	n/a	n/a
ABT-100	2006	n/a	n/a
ABT-724	2007	n/a	n/a
ABT-492	2005	n/a	n/a
Expected Com	pound Launch Dela	y (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(2) Source: Friedman Exhibit 4.4

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Base Case Discounted At 10%

Dollars in Millions

	Lost oyalties	Mi	Lost lestone yments	<u> </u>	Γotal
Mr. Friedman's Base Case	\$ 355.0	\$	13.0	\$	368.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	 (313.9)		(12.0)		(325.8)
	\$ 41.1	\$	1.0	\$	42.2
Less: Adjustment to Reflect Delay in Launch Dates	 (6.5)		(0.0)		(6.5)
	\$ 34.7	\$	1.0	\$	35.7
Less: Adjustment to Reflect Appropriate Discount Rate	 (7.8)		0.4		(7.5)
	\$ 26.8	\$	1.4	\$	28.2

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 10%

	Annual	Royalty																											
	Sales	Rate	20	003	2(004	20	005	2	006	2	2007	2	2008	 2009	2	2010	2	2011		2012	2	013	2	014	2	2015	T	otal
ButFor (1)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	0.1	\$	1.1	\$	2.2	\$ 3.6	\$	5.3	\$	7.1	\$	10.6	\$	15.5	\$	17.7	\$	12.6	\$	75.9
	400-1000	4.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-	-		-		-		-				-		-		-
	Total		\$	-	\$	-	\$	-	\$	0.1	\$	1.1	\$	2.2	\$ 3.6	\$	5.3	\$	7.1	\$	10.6	\$	15.5	\$	17.7	\$	12.6	\$	75.9
Actual (1)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
	400-1000	4.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	Total		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
Lost Royaltie	es		\$	-	\$	-	\$	-	\$	0.1	\$	1.1	\$	2.2	\$ 3.4	\$	4.5	\$	5.7	\$	6.3	\$	6.4	\$	6.3	\$	6.1	\$	42.0
Discount Rate	e At 10% ⁽²⁾			1		1		1		1		1		0.91	0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost R			\$	-	\$	-	\$	-	\$	0.1	\$	1.1	\$	2.0	\$ 2.8	\$	3.4	\$	3.9	\$	3.9	\$	3.6	\$	3.2	\$	2.8	\$	26.8
	•								_						 					_									

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1B.2.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																												
	Sales	Rate	20	003	20	004	20	05	2	006	2	007	2	2008	2	2009	2	010	2	011		2012	2	.013	2	2014	2	2015	Т	otal
ButFor (1)	Up to 400 400-1000 1000-2000 >2000	8.50% 4.00% 1.00% 0.50%	\$	-	\$	- - -	\$	-	\$	0.1	\$	1.1 - -	\$	2.2 - - -	\$	3.6	\$	5.3 - -	\$	7.1 - -	\$	10.6	\$	15.5 - -	\$	17.7 - - -	\$	12.6 - -	\$	75.9 - -
	Total		\$	-	\$	-	\$	-	\$	0.1	\$	1.1	\$	2.2	\$	3.6	\$	5.3	\$	7.1	\$	10.6	\$	15.5	\$	17.7	\$	12.6	\$	75.9
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$	- - -	\$	- - - -	\$	- - - -	\$	- - - -	\$	- - - -	\$ \$	- - - - -	\$ \$	0.2	\$	0.8	\$	1.4 - - - - 1.4	\$ \$	4.4	\$ \$	9.1 - - - - 9.1	\$ \$	11.5 - - - 11.5	\$ \$	6.5 - - - - 6.5	\$	33.9
Lost Royalties Discount Rate			\$	- 1	\$	- 1	\$	- 1	\$	0.1 1	\$	1.1 1	\$	2.2 0.96	\$	3.4 0.92	\$	4.5 0.89	\$	5.7 0.85	\$	6.3 0.82	\$	6.4 0.79	\$	6.3 0.76	\$	6.1 0.73	\$	42.0
PV of Lost Roy	alties		\$	-	\$	-	\$	_	\$	0.1	\$	1.1	\$	2.1	\$	3.1	\$	4.0	\$	4.8	\$	5.2	\$	5.0	\$	4.8	\$	4.4	\$	34.7

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 1B.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 1B.6.

(3) Source: Friedman Exhibit 3.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales

Program Compound	Indication	Region	20	003	20	004	20	005	20	006	20	007	2	2008	 2009	2	2010	2	2011	2	012	2	2013	:	2014	2	015	Т	otal
Compounds At Issue (2)																													
ABT-518	All	Global							\$	-	\$	-	\$	-	\$ 0.3	\$	0.8	\$	1.3	\$	2.4	\$	3.2	\$	4.4	\$	4.9	\$	17.4
ABT-594	Chron. Perc. Pain	Global								-		0.2		0.5	1.0		1.7		2.4		3.0		3.1		2.9		2.8		17.6
ABT-594	Neuro Pain	Global								-		0.9		4.0	7.8		11.6		15.5		19.5		20.3		20.0		19.8		119.3
ABT-594	Nociceptive pain	Global								-		-		0.0	0.1		0.1		0.2		0.2		0.2		0.2		0.2		1.3
ABT-773	Tablet	Global								1.1		12.0		19.7	27.5		34.9		41.4		41.7		40.5		38.7		36.9		294.5
ABT-773	IV	Global								-		-		0.8	1.8		2.5		3.3		4.0		4.5		4.4		4.3		25.8
ABT-773	Japan	Global								-		-		0.5	1.1		1.8		2.7		3.1		3.1		3.0		2.9		18.2
Subtotal			\$	-	\$	-	\$	-	\$	1.1	\$	13.1	\$	25.5	\$ 39.7	\$	53.4	\$	66.8	\$	73.9	\$	74.8	\$	73.8	\$	71.8	\$	493.9
Reduction for 10 Year Ro	yalty Limit																												-
Subtotal			\$	-	\$	-	\$	-	\$	1.1	\$	13.1	\$	25.5	\$ 39.7	\$	53.4	\$	66.8	\$	73.9	\$	74.8	\$	73.8	\$	71.8	\$	493.9
Other Compounds	_																												
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-	1.6		3.3		7.4		18.4		34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-		-		-		-		-	1.2		5.7		9.4		32.8		72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$	134.7	\$	77.0	\$	398.9
Expected But-For Net Sales	S		\$	-	\$	-	\$	-	\$	1.1	\$	13.1	\$	25.5	\$ 42.5	\$	62.4	\$	83.6	\$	125.1	\$	182.1	\$	208.5	\$	148.8	\$	892.8

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds – ABT-518, ABT-594 and ABT-773 – and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1B.5.

⁽²⁾ Expected sales have been shifted by three years to reflect the average delay in the development of compounds that are part of the deal but are not at issue in this case, calculated in Schedule 1B.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																												
	Sales	Rate	2	003	2	004	20	005	2	006	20	007	2	.008	2	2009	2	2010	2	011		2012	2	013	2	014	2	015	Т	otal
ButFor (1)	II 1- 400	0.500/	Ф	0.1	Φ.	1 1	¢.	2.2	ф	2.4	\$	4.5	ф		r.	(-	Ф	71	Ф	77	Ф	10.5	Ф	11.5	Ф	11.0	Ф	7.0	ф	70.3
Butror	Up to 400	8.50%	\$	0.1	Ф	1.1	Ф	2.2	\$	3.4	Э	4.5	\$	5.7	\$	6.5	Э	7.1	Ф	7.7	\$	10.5	\$	11.5	\$	11.9	\$	7.0	\$	79.2
	400-1000	4.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	Total		\$	0.1	\$	1.1	\$	2.2	\$	3.4	\$	4.5	\$	5.7	\$	6.5	\$	7.1	\$	7.7	\$	10.5	\$	11.5	\$	11.9	\$	7.0	\$	79.2
Actual (2)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
	400-1000	4.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	Total		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
Lost Royalties			\$	0.1	\$	1.1	\$	2.2	\$	3.4	\$	4.5	\$	5.7	\$	6.3	\$	6.4	\$	6.3	\$	6.1	\$	2.4	\$	0.5	\$	0.5	\$	45.3
Discount Rate	At 4.04% (3)			1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Ro	yalties		\$	0.1	\$	1.1	\$	2.2	\$	3.4	\$	4.5	\$	5.5	\$	5.8	\$	5.6	\$	5.4	\$	5.0	\$	1.9	\$	0.4	\$	0.4	\$	41.1

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 1B.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 1B.6.

(3) Source: Friedman Exhibit 3.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales

Program Compound	Indication	Region	2	003	2	004	 2005	2	2006	2	2007	2	.008	 2009	 2010	2	2011	2	2012	2	2013	2	2014	2	2015	Total
Compounds at Issue (1)	_																									
ABT-518	All	Global	\$	-	\$	-	\$ -	\$	0.3	\$	0.8	\$	1.3	\$ 2.4	\$ 3.2	\$	4.4	\$	4.9	\$	5.4	\$	5.6	\$	5.8	\$ 34.2
ABT-594	Chron. Perc. Pain	Global		-		0.2	0.5		1.0		1.7		2.4	3.0	3.1		2.9		2.8		2.7		2.7		2.5	25.5
ABT-594	Neuro Pain	Global		-		0.9	4.0		7.8		11.6		15.5	19.5	20.3		20.0		19.8		19.5		19.2		18.4	176.4
ABT-594	Nociceptive pain	Global		-		-	0.0		0.1		0.1		0.2	0.2	0.2		0.2		0.2		0.2		0.2		0.2	2.0
ABT-773	Tablet	Global		1.1		12.0	19.7		27.5		34.9		41.4	41.7	40.5		38.7		36.9		35.0		33.1		31.3	393.9
ABT-773	IV	Global		-		-	0.8		1.8		2.5		3.3	4.0	4.5		4.4		4.3		4.2		4.1		3.1	37.3
ABT-773	Japan	Global		-		-	0.5		1.1		1.8		2.7	3.1	3.1		3.0		2.9		2.7		2.6		2.5	26.0
Subtotal			\$	1.1	\$	13.1	\$ 25.5	\$	39.7	\$	53.4	\$	66.8	\$ 73.9	\$ 74.8	\$	73.8	\$	71.8	\$	69.9	\$	67.6	\$	63.8	\$ 695.2
Reduction for 10 Year Ro	yalty Limit																				41.9		62.0		58.0	162.0
Subtotal			\$	1.1	\$	13.1	\$ 25.5	\$	39.7	\$	53.4	\$	66.8	\$ 73.9	\$ 74.8	\$	73.8	\$	71.8	\$	27.9	\$	5.6	\$	5.8	\$ 533.2
Other Compounds (2)	=																									
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$ -	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
ABT-510	Non-Sarcoma	Ex-US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-751	All	US		-		-	-		-		-		-	1.6	3.3		7.4		18.4		34.4		41.8		24.2	131.0
ABT-751	All	Ex-US		-		-	-		-		-		-	1.2	5.7		9.4		32.8		72.9		93.0		52.8	267.8
ABT-627	Non PCA	US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-627	Non PCA	Ex-US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-627	HRPCA	US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-627	HRPCA	Ex-US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-627	Japan	Ex-US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-627	Ph IV Studies	US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-627	Ph IV Studies	Ex-US		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-100	All	Global		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-724	All	Global		-		-	-		-		-		-	-	-		-		-		-		-		-	-
ABT-492	All	Global				-	-		-				_	-	-		_		-	_	-				_	
Subtotal			\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$ 2.9	\$ 9.0	\$	16.8	\$	51.2	\$	107.3	\$	134.7	\$	77.0	\$ 398.9
Expected But-For Net Sales	s		\$	1.1	\$	13.1	\$ 25.5	\$	39.7	\$	53.4	\$	66.8	\$ 76.8	\$ 83.9	\$	90.6	\$	123.0	\$	135.2	\$	140.4	\$	82.7	\$ 932.1

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to origina expected sales for the six other compounds that are part of the deal but not at issue in this case. For example, ABT-518 sales for 2008 are calculated as 15 (expected sales per Mr. Friedman; see Schedule 1B.9) x .09 (diminishment factor; see Schedule 1B.7).

(2) Source: Schedule 1B.6.

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Actual Sales (1)

Program Compound	Indication	Region	20	003	20	004	20	005	20	06	200	07	200	08	20	09	20	10	20)11	20)12	2	013	2	2014	2	015	T	Total
Compounds at Issue	=																													
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	Chron. Perc. Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Neuro Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Tablet	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	IV	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reduction for 10 Year Ro	yalty Limit																													_
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Other Compounds	_																													
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4		34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8		72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	•	\$	-	\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$	134.7	\$	77.0	\$	398.9
Expected Actual Net Sales			\$	_	\$	_	\$	_	s	_	\$	_	\$	_	\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$	134.7	\$	77.0	\$	398.9

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 --

and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 3.4.

Calculation of Expected Sales Diminishment Factor Base Case

Expected Sales for Compounds ABT-518, ABT-594 and ABT-773

Per Abbott 2001 Projections (1)	5,739	A
Per Hancock 2001 Projections (2)	6,086	В
	1.06	C = B/A

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections (3)	4,552	D
Per Abbott 2005 Projections (3)	399	E
	0.09	F = E/D
Expected Sales Diminishment Factor	0.09	$G = C \times F$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518,

ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Notes: (1) Source: Friedman Exhibit 3.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model For Compounds ABT 773, ABT 594 and ABT 518 and All Years".

(3) Source: Schedule 1B.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case

Program Compound	Indication	Region	Year	1	Yea	r 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Total
Per Abbott 2005 Projections (1)	_																	
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ABT-510	Non-Sarcoma	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-751	All	US		1.6		3.3	7.4	18.4	34.4	41.8	24.2							131.0
ABT-751	All	Ex-US		1.2		5.7	9.4	32.8	72.9	93.0	52.8							267.8
ABT-627	Non PCA	US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-627	Non PCA	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-627	HRPCA	US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-627	HRPCA	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-627	Japan	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-627	Ph IV Studies	US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-627	Ph IV Studies	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-100	All	Global		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-724	All	Global		-		-	-	-	-	-	-	-	-	-	-	-	-	-
ABT-492	All	Global		-		-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal			\$	2.9	\$	9.0	\$ 16.8	\$ 51.2	\$ 107.3	\$ 134.7	\$ 77.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398.9
Per Hancock 2001 Projections (2)) _																	
ABT-510			\$	5.7	\$ 1	14.8	\$ 34.1	\$ 56.8	\$ 90.9									\$ 202.2
ABT-751			10	0.2	. 2	26.5	61.2	102.0	163.2	183.6	204.0							750.7
ABT-627			2	4.4	6	63.3	146.2	243.6	389.8	438.5	487.2	487.2	487.2					2,767.3
ABT-100				1.9		5.0	11.5	19.2	30.7	34.6	38.4							141.3
ABT-724				2.2		5.7	13.2	22.0	35.2	39.6								117.9
ABT-492				6.1		15.9	36.7	61.2	97.9	110.2	122.4	122.4						572.8
Subtotal			\$ 50	0.5	\$ 13		\$ 302.9	\$ 504.8	\$ 807.7	\$ 806.4	\$ 852.0	\$ 609.6	\$ 487.2	\$ -	\$ -	\$ -	\$ -	\$ 4,552.3
										· ·								

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Friedman Exhibit 3.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound".

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	20	003	2	2004	 2005	2	006	2	007	2	008	 2009	2	2010	2	2011	2	2012	2	2013	2	2014	2	015	7	Total
Compounds at Issue																												
ABT-518	All	Global	\$	-	\$	-	\$ -	\$	3	\$	8	\$	15	\$ 26	\$	34	\$	48	\$	53	\$	59	\$	61	\$	62	\$	368
ABT-594	Chron. Perc. Pain	Global		-		2	6		11		18		25	32		33		32		30		29		29		27		274
ABT-594	Neuro Pain	Global		-		10	43		84		124		167	209		218		215		213		210		207		198		1,898
ABT-594	Nociceptive pain	Global		-		-	0		1		1		2	2		2		3		3		3		3		2		21
ABT-773	Tablet	Global		12		130	212		296		376		446	449		436		417		397		377		356		337		4,239
ABT-773	IV	Global		-		-	9		19		27		36	44		48		48		46		45		45		34		401
ABT-773	Japan	Global		-		-	5		12		19		29	33		33		33		31		30		28		27		280
Subtotal			\$	12	\$	141	\$ 274	\$	427	\$	574	\$	719	\$ 795	\$	806	\$	794	\$	773	\$	752	\$	728	\$	687	\$	7,483
Reduction for 10 Year Re	oyalty Limit ⁽²⁾																					451		667		625		1,744
Subtotal			\$	12	\$	141	\$ 274	\$	427	\$	574	\$	719	\$ 795	\$	806	\$	794	\$	773	\$	300	\$	61	\$	62	\$	5,739
Other Compounds																												
ABT-510	Non-Sarcoma	US	\$	-	\$	-	\$ -	\$	-	\$	_	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-510	Non-Sarcoma	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-751	All	US		-		-	-		-		-		-	2		3		7		18		34		42		24		131
ABT-751	All	Ex-US		-		-	-		-		-		-	1		6		9		33		73		93		53		268
ABT-627	Non PCA	US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-	-		-		-		-	-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$ 3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$	399
Expected But-For Net Sale	es		\$	12	\$	141	\$ 274	\$	427	\$	574	\$	719	\$ 798	\$	815	\$	811	\$	824	\$	408	\$	195	\$	139	\$	6,138

Notes: (1) Source: Friedman Exhibit 3.4.

(2) Source: Friedman Exhibit 3.2.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	200)3	2004	<u>. </u>	2005		2006	<u> </u>	2007	7	2008		2009		2010)	201	1	20	12	20	013	2	2014	2	015	 Γotal
Compounds at Issue																													
ABT-518	All	Global	\$	-	\$	-	\$	- :	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
ABT-594	Chron. Perc. Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-594	Neuro Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-594	Nociceptive pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-773	Tablet	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-773	IV	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-773	Japan	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
Subtotal			\$	-	\$	-	\$	- :	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
Reduction for 10 Year Roya	alty Limit (2)																												-
Subtotal			\$		\$	_	\$	<u>- :</u>	\$	_	\$	_	\$	_	\$	<u>-</u>	\$	_	\$		\$	-	\$	-	\$	-	\$	-	\$
Other Compounds																													
ABT-510	Non-Sarcoma	US	\$	_	\$	_	\$	- :	\$	_	\$	_	\$	_	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$ -
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-751	All	US		-		_		_		-		_		_		2		3		7		18		34		42		24	131
ABT-751	All	Ex-US		-		-		-		-		-		-		1		6		9		33		73		93		53	268
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
Subtotal			\$	_	\$	_	\$	- :	\$	-	\$	-	\$	-	\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$ 399
Expected Net Sales (But For)			\$		\$	<u>-</u>	\$	<u>- :</u>	\$	<u>-</u>	\$	_	\$	_	\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$ 399

Notes: (1) Source: Friedman Exhibit 3.4.

(2) Source: Friedman Exhibit 3.2.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 10%

	20	003	20	004	20	005	20	006	2	007	2	2008	2	009	2	2010	2	2011	2	2012	2	2013	2	014	2	015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	4.5	\$	-	\$	4.4	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8.9
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$	-	\$	-	\$		\$	-	\$	4.5	\$		\$	(3.7)	\$		\$	-	\$		\$	-	\$	-	\$	-	\$	0.7
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	4.5	\$	-	\$	(3.1)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1B.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	20	03	20	004	20	005	200	06	20	007	2	2008	2	009	2	010	2	011	2	012	2	013	2	014	2	015	To	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	4.5	\$	-	\$	4.4	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8.9
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	4.5	\$	_	\$	(3.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.7
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	4.5	\$	-	\$	(3.5)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 1B.13.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

Program Compound	20	003	2	004	20	005	20	006	2	007	20	008	2	009	20	10	20	011	20	012	20	013	2	014	2	015	Т	otal
Compounds at Issue (2)																												
ABT-518	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.3
ABT-594		-		-		-		-		0.5		-		-		-		-		-		-		-		-		0.5
ABT-773		-		-		-		-		4.0		-		-		-		-		-		-		-		-		4.0
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	4.5	\$	-	\$	0.3	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.8
Other Compounds																												
ABT-510	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-751		-		-		-		-		-		-		4.1		-		-		-		-		-		-		4.1
ABT-627		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.1
Nominal Net Milestones	\$	-	\$	-	\$	-	\$	-	\$	4.5	\$	-	\$	4.4	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8.9
Actual Program Compound		003	2	004	20	005	20	006	2	007	20	008	2	009	20	10	20	011	20	012	20	013	2	014	2	015	Т	otal
		003	2	004	20	005	20	006	2	007		008		009	20	10	20	011		012		013	2	014	2	015	<u></u>	otal
Program Compound	\$	003	\$	004	\$	005	\$)06 -	\$	007	\$	-	\$	009	\$	<u>10</u>	\$	011	\$	012	\$	013	\$	-	\$	015		otal
Program Compound Compounds at Issue ABT-518 ABT-594		003	\$	004 - -	\$	005 - -		006 - -	\$			008		009 - -		10 - -		011 - -	\$	012 - -	\$	013	\$		\$	015		otal - -
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773			\$		\$		\$		\$	- - -	\$		\$		\$	10 - - -	\$	011 - - -	\$	012 - - -	\$	013	\$	- - -	\$	015 - - -		otal - -
Program Compound Compounds at Issue ABT-518 ABT-594			\$		\$			- - - -	\$							10 - - -			\$	012 - - - -	\$	013	\$		\$	015		otal - - -
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	- - -	\$	- - -	\$		\$	012 - - -	\$	013	\$	- - -	\$		\$	otal - - -
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	- - -	\$	- - -	\$		\$		\$		\$	- - -	\$		\$	- - - -
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	- - -	\$	- - -	\$		\$	012 - - - - -	\$	013	\$	- - -	\$		\$ \$	- - - - - - - - - - - - - - - - - - -
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	- - -	\$	- - -	\$		\$		\$		\$	- - -	\$		\$ \$	-
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	- - -	\$	- - -	\$		\$	- - - - - - -	\$		\$	- - -	\$		\$ \$	-
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	- - -	\$	- - -	\$		\$		\$		\$	- - -	\$		\$ \$	-
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724 ABT-492	\$	-	\$ \$		\$ \$		\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - 8.2 - -	\$ \$	- - -	\$ \$		\$ \$		\$ \$		\$ \$	- - -	\$ \$		\$ \$	- - - 8.2 - -
Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$	-	\$		\$		\$	-	\$	-	\$	-	\$	- - -	\$	- - -	\$		\$	- - - - - - - - - -	\$		\$	- - -	\$		\$ \$	-

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1B.15.

⁽²⁾ Expected milestones have been shifted by three years to reflect the average delay in the development of compounds that are part of the deal but are not at issue in this case, calculated in Schedule 1B.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	20	003	2	004	20	005	2	006	20	07	2	2008	2	.009	2	010	2	2011	2	012	2	013	2	.014	2	015	T	otal
ButFor (1)	\$	-	\$	4.5	\$	-	\$	0.3	\$	-	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8.9
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$	-	\$	4.5	\$	-	\$	0.3	\$		\$		\$	(4.1)	\$		\$		\$		\$	_	\$		\$	-	\$	0.7
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	4.5	\$	-	\$	0.3	\$	-	\$	-	\$	(3.8)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 1B.15.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

But For	_																											
Program Compound	2	003	2	004	20	005	2	.006	2	007	2(008	2	009	20	010	2(011	20)12	2	013	2	014	20)15	T	otal
Compounds at Issue (2)																												
ABT-518	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.3
ABT-594		-		0.5		-		-		-		-		-		-		-		-		-		-		-		0.5
ABT-773		-		4.0		-		-		-		-		-		-		-		-		-		-		-		4.0
Subtotal	\$	-	\$	4.5	\$	-	\$	0.3	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.8
Other Compounds																												
ABT-510	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-751		-		-		-		-		-		-		4.1		-		-		-		-		-		-		4.1
ABT-627 (3)		-		_		-		_		_		_		_		_		_		_		-		_		_		-
ABT-100		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.1
Nominal Net Milestones	\$	_	\$	4.5	\$	_	\$	0.3	\$	-	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	_	\$	-	\$	-	\$	8.9
Actual Program Compound	2	003	2	004	20	005	2	.006	2	007	20	008	2	009	20	010	20	011	20)12	2	013	20	014	20	15	Т	otal
Compounds at Issue																												
ABT-518	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Other Compounds																												
ABT-510	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-751		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
ABT-627		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8.2	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	8.2

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds. Differences are due to rounding.

Notes: (1) Source: Schedule 1B.17.

(2) Expected milestones are estimated as expected milestones per Mr. Friedman adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for the six other compounds that are part of the deal but not at issue in this case. For example, ABT-594 milestones for 2004 are calculated as 2 (expected milestones per Mr. Friedman; see Schedule 1B.17) x. 28 (diminishment factor; see Schedule 1B.16).

Calculation of Expected Probability of Success Diminishment Factor Base Case

	A	В	C = B / A
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion
at Issue	Projections (1)	Projections (2)	Factor
ABT-518	12.50%	10.00%	0.80
ABT-594	16.00%	50.00%	3.13
ABT-773	72.00%	70.00%	0.97
		Average	1.63 D
Other	Per Hancock 2001	Per Abbott 2005	Conversion
Compounds	Projections (3)	Projections (1)	Factor
ABT-510	30.00%	0.00%	-
ABT-751	40.00%	41.00%	1.03
ABT-627	70.00%	0.00%	-
ABT-100	10.00%	0.00%	-
ABT-724	10.00%	0.00%	-
ABT-492	30.00%	0.00%	
		Average	0.17 E
Expect	ed Probability of Success	Diminishment Factor	0.28 $F = D \times E$

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Notes: (1) Source: Friedman Exhibit 5.2

- (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
- (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."

Re-creation of Mr. Friedman's Expected Milestones Forecast ${\bf Base\ Case}$

But For (1)	_																									
Program Compound	2003	2(004	200	5	200	06	200	07	200)8	20	09	2010	20	11	2012	2	2013		2014	:	201	15	Tot	al
Compounds at Issue																										
ABT-518	\$ -	\$	-	\$	-	\$	1	\$	-	\$	-	\$	-	\$. \$	-	\$	- \$	-	. \$	\$	-	\$	-	\$	1
ABT-594	-		2		-		-		-		-		-			-		-	-			-		-		2
ABT-773	-		14		-		-		-		-		-			-		-	-			-		-		14
Subtotal	\$ -	\$	16	\$		\$	1	\$	-	\$	-	\$	-	\$	\$	-	\$	- \$	-	. \$	\$	Ξ	\$		\$	17
Other Compounds																										
ABT-510	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	\$	-	\$	- \$	-	. 4	\$	-	\$	-	\$	-
ABT-751	-		-		-		-		-		-		4			-		-	-			-		-		4
ABT-627	-		-		-		-		-		-		-			-		-	-			-		-		-
ABT-100	-		-		-		-		-		-		-			-		-	-			-		-		-
ABT-724	-		-		-		-		-		-		-			-		-	-			-		-		-
ABT-492	-		-		-		-		-		-		-			-		-	-			-		-		-
Subtotal	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4	\$	\$	-	\$	- \$	-	. \$	\$	_	\$	-	\$	4
													_	•			_	_			to the		\$	_	\$	21
Nominal Net Milestones	\$ -		16	\$	<u>-</u> -	\$	1	\$	<u>-</u>	\$		\$	4	\$	\$	-	\$	- \$		= =	•	<u>-</u>	Ψ		J.	21
Nominal Net Milestones Actual (2) Program Compound	2003		16 004	200		200		200		200		20		2010	20		2012	<u> </u>	2013	_ =	2014	_	201		Tot	
Actual (2)				-											<u></u>			<u> </u>				_				
Actual ⁽²⁾ Program Compound				-											<u></u>			<u> </u>		. \$		_				
Actual ⁽²⁾ Program Compound Compounds at Issue	2003	20		-		200		200		200		20		2010	<u></u>					. \$		_	201		Tot	
Actual (2) Program Compound Compounds at Issue ABT-518	2003	20		-		200		200		200		20		2010	<u></u>					. \$		_	201		Tot	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594	2003	20		-	5 -	200		200		200		20		\$	<u></u>					. 4	2014	_	201		Tot	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773	2003 \$ -	\$	004 - - -	200	5 -	200)6 - - -	\$	07 - - -	2000	08 - - -	\$	09 - - -	2010	20	11 - - -	2012 \$	- \$	2013	. \$	2014	- - -	201		Tot	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal	2003 \$ -	\$	004 - - -	200	5 -	200)6 - - -	\$	07 - - -	2000	08 - - -	\$	09 - - -	2010	20	11 - - -	2012 \$	- \$	2013	. \$	2014	- - -	201		Tot	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds	\$	\$	004 - - -	200	5 -	200)6 - - -	\$	07 - - -	\$	08 - - -	\$	09 - - -	2010 \$	20	11 - - -	2012 \$	- \$	2013	. \$	2014	- - -	201		**************************************	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510	\$	\$	004 - - -	200	5 -	200)6 - - -	\$	07 - - -	\$	08 - - -	\$	- - - -	2010 \$	20	11 - - -	2012 \$	- \$	2013	. \$	2014	- - -	201		**************************************	- - - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-773 Subtotal Other Compounds ABT-510 ABT-751	\$	\$	004 - - -	200	5 -	200)6 - - -	\$	07 - - -	\$	08 - - -	\$	- - - -	2010 \$	20	11 - - -	2012 \$	- \$	2013	. \$	2014	- - -	201		**************************************	- - - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627	\$	\$	004 - - -	200	5 -	200)6 - - -	\$	07 - - -	\$	08 - - -	\$	- - - -	2010 \$	20	11 - - -	2012 \$	- \$	2013	. \$	2014	- - -	201		**************************************	- - - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100	\$	\$	004 - - -	200	5 -	200)6 - - -	\$	07 - - -	\$	08 - - -	\$	- - - -	2010 \$	20	11 - - -	2012 \$	- \$	2013	. \$	2014	- - -	201		**************************************	- - - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 ABT-594 ABT-773 Subtotal Other Compounds ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$	\$	004 - - -	200		200)6 - - -	\$	07 - - -	\$	08 - - -	\$	- - - -	2010 \$ \$	20	11 - - -	2012 \$ \$	- \$	2013	4	2014	- - -	201		**************************************	- - - - -

Notes: (1) Source: Friedman Exhibit 3.6.

(2) Source: Friedman Exhibit 3.7.

Calculation of Compound Launch Delay Base Case

Compounds Not At Issue	Per Abbott 2001 Projections (1)	Per Abbott 2005 Projections ⁽²⁾	Difference
ABT-510	2006	2012	n/a
ABT-751	2006	2009	3
ABT-627	2004	n/a	n/a
ABT-100	2006	n/a	n/a
ABT-724	2007	n/a	n/a
ABT-492	2005	n/a	n/a
Expected Com	pound Launch Dela	y (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on all 3 compounds -- ABT-518, ABT-594 and ABT-773 -- and Mr. Friedman's other methodological and calculation errors. Disaggregation would be required if liability is found on only one or two compounds.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(2) Source: Friedman Exhibit 3.4

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Low Case Discounted At 10%

Dollars in Millions

	Lost yalties	Mil	Lost estone ements	T	otal
Mr. Friedman's Low Case	\$ 5.0	\$	-	\$	5.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	 (4.9)		(0.7)		(5.6)
	\$ 0.1	\$	(0.7)	\$	(0.6)
Less: Adjustment to Reflect Delay in Launch Dates	(0.0)		(0.0)		(0.0)
	\$ 0.0	\$	(0.7)	\$	(0.7)
Less: Adjustment to Reflect Appropriate Discount Rate	(0.0)		0.1		0.1
	\$ 0.0	\$	(0.6)	\$	(0.6)

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 10%

	Annual	Royalty																											
	Sales	Rate	2003		2004	1	2005		2006	2	007	2	2008	:	2009	2	2010	2	011	2	2012	2	013	2	014	2	2015	T	otal
ButFor (1)	Up to 400 400-1000 1000-2000 >2000	8.50% 4.00% 1.00% 0.50%	\$	- - - -	\$	- - -	\$	- - - -	\$ - - - -	\$	- - -	\$	- - -	\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9 - - -	\$	1.1 - - -	\$	0.7 - - -	\$	3.4
	Total		\$	<u>-</u>	\$	_	\$	<u>-</u>	\$ -	\$		\$	-	\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.7	\$	3.4
Actual ⁽¹⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$	- - -	\$	- - - -		- - - -	\$ - - - - \$ -	\$ \$	- - - - -	\$ \$	- - - -	\$ \$	0.0	\$ \$	0.1 - - - - 0.1	\$	0.1	\$ \$	0.4	\$	0.9	\$	1.1 - - - - 1.1	\$ \$	0.6	\$ \$	3.3
Lost Royalties Discount Rate			\$	- 1	\$	- 1	\$	- 1	\$ - 1	\$	- 1	\$	0.91	\$	0.0 0.83	\$	0.0 0.75	\$	0.0 0.68	\$	0.0 0.62	\$	0.0 0.56	\$	0.0 0.51	\$	0.0 0.47	\$	0.0
PV of Lost Ro			\$	<u>-</u>	\$	-	\$	-	\$ -	\$	-	\$	-	\$	0.03	\$	0.0	\$	0.00	\$	0.02	\$	0.0	\$	0.0	\$	0.47	\$	0.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 2A.2.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

Sales Rate 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 Total ButFor (1) Up to 400 8.50% \$ - \$ \$. \$ \$. \$ \$. \$ \$. \$ \$. \$ \$. \$ \$. \$ \$. \$ \$. \$		Annual	Royalty																										
400-1000 4.00%		Sales	Rate	200	3	20	04	2005		2006	20	07	2	2008	 2009	2	2010	2	2011	2	2012	2	013	2	014	2	2015	T	otal
Actual (2) Up to 400 8.50% \$ - \$ - \$ - \$ - \$ - \$ - \$ 0.0 \$ 0.1 \$ 0.1 \$ 0.4 \$ 0.9 \$ 1.1 \$ 0.6 \$ 3.3 400-1000 4.00%	ButFor (1)	400-1000 1000-2000 >2000	4.00% 1.00%	\$		\$	- - -	\$	- - -	\$ - - - -	\$	- - -	\$	- - -	\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.7 - - -	\$	3.4
400-1000 4.00%		Total		\$	-	\$	-	\$	<u>-</u> .	\$ -	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.7	\$	3.4
	Actual ⁽²⁾	400-1000 1000-2000 >2000	4.00% 1.00%	\$	- - -		- - -		- - <u>-</u>	- - -		-	_	- - -	 - - -	_	- - -	\$ \$	- - -		- - -	_	- - -		- - -		- - -		- - -
Lost Royalties \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ 0.0 \$	•			\$	- 1	\$	- 1	\$	- 1	\$ - 1	\$	- 1	\$	0.96	\$	\$		\$		\$		\$		\$		\$		\$	0.0
PV of Lost Royalties \$ - \\$ - \\$ - \\$ - \\$ - \\$ - \\$ - \\$ 0.0 \\$				\$	-	\$	-	\$	_	\$ -	\$	-	\$	-	\$ 0.0	\$		\$		\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 2A.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 2A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales (1)

Program Compound	Indication	Region	20	03	2004	20	005	200	06	200	7	200	8	20	009	20	010	20)11	2	012	2	013	2	014	20	015	_1	Γotal
Compounds At Issue (2)																													
ABT-518	All	Global						\$	-	\$	-	\$	-	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.2	\$	0.5
Subtotal			\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.2	\$	0.5
Reduction for 10 Year Roya	alty Limit																												
Subtotal			\$		\$	- \$	-	\$		\$		\$		\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.2	\$	0.5
Other Compounds																													
ABT-594	Chron. Perc. Pain	Global	\$	-	\$.	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	Neuro Pain	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Tablet	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	IV	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-	-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-	-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-	_		_		-		_		_		_		_		_		-		-		_		-
ABT-627	HRPCA	Ex-US		-		-	_		_		-		_		_		_		_		_		-		-		_		-
ABT-627	Japan	Ex-US		-		-	_		_		-		_		_		_		_		_		-		-		_		-
ABT-627	Ph IV Studies	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-	_		_		-		_		_		_		_		_		-		-		_		-
ABT-100	All	Global		_		-	_		_		_		_		_		_		_		_		_		_		_		-
ABT-724	All	Global		_		-	_		_		_		_		_		_		_		_		_		_		_		-
ABT-492	All	Global		-			-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$		\$.	- \$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sales			\$	_	\$	- \$	-	\$		\$	_	\$	_	\$	0.2	\$	0.9	\$	1.7	\$	5.1	\$	10.7	\$	13.5	\$	7.8	\$	39.9
								-	_				_																

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 2A.5.

⁽²⁾ Expected sales have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-518, calculated in Schedule 2A.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																									
	Sales	Rate	2003	20	004	2005	 2006	2	007	2	2008	2	2009	2	010	2	011	2	2012	2	013	2	014	2	2015	Т	otal
ButFor (1)	Up to 400 400-1000	8.50% 4.00%	\$ -	\$	-	\$ -	\$ 0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.2	\$	0.4	\$	0.9	\$	1.2	\$	0.7	\$	3.4
	1000-2000	1.00%	-		-	-	-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%			-		 		-				-						-				-				
	Total		\$ -	\$	-	\$ -	\$ 0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.2	\$	0.4	\$	0.9	\$	1.2	\$	0.7	\$	3.4
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$ - - - - - \$ -	- -	- - - -	\$ - - - - \$ -	 - - - - -	\$	- - - -	\$ \$	- - - - -	\$ \$	0.0	\$	0.1 - - - - 0.1	\$	0.1	\$ \$	0.4	\$ \$	0.9	\$	1.1	\$ \$	0.6	\$	3.3
Lost Royalties Discount Rate			\$ -1	\$	- 1	\$ -1	\$ 0.0 1	\$	0.0 1	\$	0.0 0.96	\$	0.0 0.92	\$	0.0 0.89	\$	0.0 0.85	\$	0.0 0.82	\$	0.0 0.79	\$	0.0 0.76	\$	0.0 0.73	\$	0.1
PV of Lost Ro	yalties		\$ -	\$	-	\$ -	\$ 0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.1

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 2A.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 2A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales

Program Compound	Indication	Region	200)3	2004	1	200	5	20	006	20	007	2	008	2	:009	20	010	20	011	2	012	2	013	2	014	2	015	Т	otal
Compounds at Issue (1)	_																													
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	1.0
Subtotal			\$	-	\$	-	\$	-	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	1.0
Reduction for 10 Year Ro	yalty Limit																													
Subtotal			\$		\$		\$		\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	1.0
Other Compounds (2)	_																													
ABT-594 (3)	Chron. Perc. Pain	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	-	\$	_	\$	-	\$	-	\$	-
ABT-594 (3)	Neuro Pain	Global		_		_		-		-		_		_		_		_		-		_		_		_		-		-
ABT-594 (3)	Nociceptive pain	Global		-		_		_		-		-		_		_		_		_		_		_		_		-		_
ABT-773 (3)	Tablet	Global		_		_		_		-		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	IV	Global		_		_		_		-		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	Japan	Global		_		_		_		_		_		-		_		_		_		_		_		_		-		-
ABT-510	Non-Sarcoma	US		-		_		_		_		_		_		-		_		_		_		_		-		_		_
ABT-510	Non-Sarcoma	Ex-US		_		_		-		-		_		_		_		_		-		_		_		_		-		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-							_															
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sales	s		\$	_	\$	<u>-</u> .	\$	_	\$	0.0	\$	0.0	\$	0.0	\$	0.3	\$	1.0	\$	1.8	\$	5.2	\$	10.7	\$	13.5	\$	7.8	\$	40.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to original expected sales for all other compounds except for ABT-518. For example, ABT-518 sales for 2011 are calculated as 10 (expected sales per Mr. Friedman; see Schedule 2A.9) x .01 (diminishment factor; see Schedule 2A.7).

(2) Unless noted otherwise, per Schedule 2A.6.

(3) ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Actual Sales (1)

Program Compound	Indication	Region	200)3	200)4	20	05	20	006	2	007	2	008	2	009	20	10	20	11	20	12	2	013	2	014	20	015	T	otal
Compounds at Issue																														
ABT-518	All	Global	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
Subtotal			\$	-	\$	_	\$	-	\$	-	\$	-	\$	-	$\overline{}$	-	\$	-	\$	-	\$	-	\$		\$	-	\$	-	\$	
Reduction for 10 Year Ro	valty Limit																													_
	,,		e.		•		•		· ·		•		•		•		•		•		•		ф.		•		œ.		· ·	
Subtotal			\$		\$		\$		\$	-	\$	-	\$		\$		\$		\$		\$		\$		\$		\$		\$	<u> </u>
Other Compounds	_																													
ABT-594 (2)	Chron, Perc. Pain	Global	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-594 (2)	Neuro Pain	Global	*	_	•	_	*	_	-	_	-	_	*	_	*	_	*	_	•	_	4	_	*	_	*	_	*	_	*	_
ABT-594 (2)	Nociceptive pain	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (2)	Tablet	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 ⁽²⁾	IV	Global		_		_		_		_		_		_		_		_		_						_				_
ABT-773 (2)	Japan	Global				_		_				_						_		_										_
ABT-510	Non-Sarcoma	US		_		_		_		_		_		_		_		_		_						_		_		_
ABT-510	Non-Sarcoma	Ex-US		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-751	All	US		_		_		_		_		_		_		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		_
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected Actual Net Sales			\$		\$		\$		\$	-	\$	-	\$		\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Calculation of Expected Sales Diminishment Factor Low Case

Expected Sales for Compound ABT-518

Per Abbott 2001 Projections (1) 72 A

Per Hancock 2001 Projections (2) 251 B

$$3.51 C = B/A$$

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections (3)	9,628	D
Per Abbott 2005 Projections (3)	39	E
	0.00	F = E/D
Expected Sales Diminishment Factor	0.01	$G = C \times F$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Friedman Exhibit 4.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound For Compounds ABT 773, ABT 594 and ABT 518 -ABT 518/100 (MMPI/FTI)".

(3) Source: Schedule 2A.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case

Program Compound	Indication	Region	Ye	ear 1	Υ	ear 2	Ye	ear 3	Year	4	Year 5		(ear 6		Year 7		ear 8	Y	ar 9	Year 10)	Year 11	Yea	r 12	Year 13		Total
Per Abbott 2005 Projections (1)																											
ABT-594 (2)	Chron. Perc. Pain	Global	\$	-	\$	_	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	_	\$	-	\$ -	\$	-	\$	- \$; -
ABT-594 (2)	Neuro Pain	Global		-		-		-		-	-		-		-		-		-		-			-		-	-
ABT-594 (2)	Nociceptive pain	Global		-		-		-		-	-		-		-		-		-		-			-		-	-
ABT-773 (2)	Tablet	Global		-		-		-		-	-		-		-		-		-		-	-		-			-
ABT-773 (2)	IV	Global		-		-		-		-	-		-		-		-		-		-	-		-			-
ABT-773 (2)	Japan	Global		-		-		-		-	-		-		-		-		-		-	-		-			-
ABT-510	Non-Sarcoma	US		-		-		-		-	-		-		-		-		-		-	-		-			-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-	-		-		-		-		-		-	-		-			-
ABT-751	All	US		0.2		0.3		0.7	1	1.8	3.4		4.2		2.4												13.0
ABT-751	All	Ex-US		0.1		0.6		1.0	3	3.2	7.2		9.2		5.2												26.4
ABT-627	Non PCA	US		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-627	Non PCA	Ex-US		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-627	HRPCA	US		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-627	HRPCA	Ex-US		-		-		-		-	-		-		-		-		-		-	-		-			-
ABT-627	Japan	Ex-US		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-627	Ph IV Studies	US		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-100	All	Global		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-724	All	Global		-		-		-		-	-		-		-		-		-		-	-		-		-	-
ABT-492	All	Global		-		-		-		-	-		-		-		-		-		-	-		-		-	-
Subtotal			\$	0.2	\$	0.9	\$	1.7	\$ 5	5.0	\$ 10.6	\$	13.4	\$	7.6	\$	-	\$	-	\$		\$ -	\$	-	\$	- \$	39.4
Per Hancock 2001 Projections (3)																											
ABT-594 (4)	•		\$	17.1	\$	44.4	\$	102.5	\$ 170	18	\$ 273.3	\$	307.4	\$	341.6	\$	341.6	\$	341.6							ф	3 1,940.3
ABT-773 ⁽⁴⁾			Ψ	27.6	Ψ	71.8		165.6	276		441.6	Ψ	496.8	Ψ	552.0	Ψ	552.0		552.0							4	3,135.4
ABT-510				5.7		14.8		34.1		5.8	90.9		470.0		002.0		332.0		002.0								202.2
ABT-751				10.2		26.5		61.2	102		163.2		183.6		204.0												750.7
ABT-627				24.4		63.3		146.2	243		389.8		438.5		487.2		487.2		487.2								2,767.3
ABT-100				1.9		5.0		11.5		9.2	30.7		34.6		38.4		407.2		107.2								141.3
ABT-700 ABT-724				2.2		5.7		13.2		2.0	35.2		39.6		50.4												117.9
ABT-492				6.1		15.9		36.7		1.2	97.9		110.2		122.4		122.4										572.8
Subtotal			\$	95.2	\$	247.4	\$	571.0	\$ 951		\$ 1,522.6	\$	1,610.6	\$	1,745.6	\$	1,503.2	\$ 1	380.8	\$		\$ -	- s		\$	- <u>\$</u>	9,627.9
			*						- 70.		,	<u> </u>	-,010	Ψ	-,0.0	- 4	-,	7 -	10			-					-,/-

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

 $(3) \quad \text{Unless noted otherwise, per NCI Schedule "Expected Sales Based on Hancock Model By Compound"} \\$

(4) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound"

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	2003		2004	20	005	20	06	200	07	20	08	200	09	20	10	20	11	20)12	20	013	20)14	2	015	Т	otal
Compounds at Issue	_																												
ABT-518	All	Global	\$	- \$	_	\$	_	\$	0	\$	1	\$	2	\$	4	\$	6	\$	10	\$	11	\$	12	\$	12	\$	12	\$	72
Subtotal			\$	- \$	-	\$	-	\$ \$	0	\$	1	\$	2	\$	4		6	\$	10	\$	11	\$	12		12	\$	12		72
Reduction for 10 Year Roy	yalty Limit (2)																												_
Subtotal			\$	- \$	-	\$	-	\$	0	\$	1	\$	2	\$	4	\$	6	\$	10	\$	11	\$	12	\$	12	\$	12	\$	72
Other Compounds	_																												
ABT-594 (3)	Chron. Perc. Pain	Global	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594 (3)	Neuro Pain	Global		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594 (3)	Nociceptive pain	Global		-	-		-		-		-		-		-		-		_		_		-		_		_		-
ABT-773 (3)	Tablet	Global		-	_		_		_		_		-		_		_		_		_		_		_		_		-
ABT-773 (3)	IV	Global		-	_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	Japan	Global		-	_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	US		-	-		-		-		-		-		-		-		_		_		-		_		_		-
ABT-510	Non-Sarcoma	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-	-		-		-		-		-		0		0		1		2		3		4		2		13
ABT-751	All	Ex-US		-	-		-		-		-		-		0		1		1		3		7		9		5		26
ABT-627	Non PCA	US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-	-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-	-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	- \$	-	\$	-	\$		\$	-	\$	-	\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Expected But-For Net Sales			\$	- \$	-	\$	-	\$	0	\$	1	\$	2	\$	5	\$	7	\$	12	\$	16	\$	23	\$	26	\$	20	\$	111

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

⁽²⁾ Source: Friedman Exhibit 4.2.

⁽³⁾ ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	2003		2004	200	5	2006	5	2007		2008		2009	201	.0	201	1	201	2	201	3	201	14	2015		To	tal
Compounds at Issue	_																											
ABT-518	All	Global	\$	- \$	_	\$	_	\$	_	\$	_	\$	_	\$ -	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
Subtotal			\$	- \$	-	\$	-	\$ \$	<u>-</u>	\$	<u>-</u> -	\$	<u>-</u>	\$ -	\$ \$	-	\$ \$	-	\$	-	\$	-	\$	-	\$	-	\$	
Reduction for 10 Year Roy	yalty Limit (2)																											-
Subtotal			\$	- \$	-	\$	_	\$	-	\$		\$	-	\$ -	\$	-	\$		\$	_	\$		\$		\$	-	\$	
Other Compounds	_																											
ABT-594 (3)	Chron. Perc. Pain	Global	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594 (3)	Neuro Pain	Global		-	-		-		-		_		_	-		-		-		-		-		-		_		-
ABT-594 (3)	Nociceptive pain	Global		_	_		_		-		_		_	-		_		_		_		_		_		_		_
ABT-773 (3)	Tablet	Global		_	_		_		-		_		_	-		_		_		_		_		_		_		_
ABT-773 (3)	IV	Global		_	_		_		_		_		_	-		_		_		_		_		_		_		_
ABT-773 (3)	Japan	Global		_	_		_		_		_		_	-		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	US		-	-		-		-		_		_	-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	Ex-US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-751	All	US		-	-		-		-		-		-	0		0		1		2		3		4		2		13
ABT-751	All	Ex-US		-	-		-		-		-		-	0		1		1		3		7		9		5		26
ABT-627	Non PCA	US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-100	All	Global		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-724	All	Global		-	-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-492	All	Global		-	-		-		-		-		-	-		-		-		-		-		-		-		-
Subtotal			\$	- \$	-	\$	_	\$	_	\$	-	\$	-	\$ 0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Expected Net Sales (But For	r)		\$	- \$	-	\$	_	\$	<u>-</u>	\$	<u>-</u> -	\$	_	\$ 0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) Source: Friedman Exhibit 4.2.

⁽³⁾ ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 17.5%

	200)3	200	04	20	05	200	6	2007	7	2	008	2	.009	2	010	2	2011	2	012	2	2013	2	2014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.9	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.9
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$	_	\$		\$		\$	_	\$	_	\$		\$	(0.8)	\$		\$		\$	-	\$		\$		\$		\$	(0.8)
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$	_	\$	-	\$	_	\$	-	\$	(0.6)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(0.6)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 2A.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	200)3	200	04	20	05	2006	6	2007		2008	2	2009	2	010	2	2011	2	012	2	2013	2	014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	0.9	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.9
Actual (1)		-		-		-		-		-	-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$		\$	-	\$	-	\$	-	\$	- \$	-	\$	(0.8)	\$	-	\$	_	\$	-	\$	_	\$	-	\$	-	\$	(0.8)
Discount Rate At 4.04% (2)		1		1		1		1		1	0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(0.7)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 2A.13.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

But For																								
Program Compound	2003	2004	4 20	05	200)6	200	07	20	08	20	009	2010		2011	2012	20	13	20	14	20	15	T	otal
Compounds at Issue (2)																								
ABT-518	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.1	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	0.1
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.1	\$	- \$; -	\$ -	\$	-	\$	-	\$	-	\$	0.1
Other Compounds																								
ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	-
ABT-773	-		-	-		-		-		-		-		-	-	-		-		-		-		-
ABT-510	-		-	-		-		-		-		-		-	-	-		-		-		-		-
ABT-751	-		-	-		-		-		-		0.8		-	-	-		-		-		-		0.8
ABT-627	-		-	-		-		-		-		-		-	-	-		-		-		-		-
ABT-100	-		-	-		-		-		-		-		-	-	-		-		-		-		-
ABT-724	-		-	-		-		-		-		-		-	-	-		-		-		-		-
ABT-492	-		-	-		-		-		-		-		-	-	-		-		-		-		-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.8	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	0.8
Expected Milestones	s -	\$	- \$	_	\$	_	\$	_	\$	-	\$	0.9	\$	- \$	s -	\$ -	\$	_	\$	_	\$	_	\$	0.9
Actual Program Compound	2003	2004	4 20	05	200)6	200	07	20	08	20	009	2010		2011	2012	20:	13	20	14	20	15	T	otal
Compounds at Issue																								
ABT-518	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	-
Other Compounds																								
ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	-
ABT-773	-		-	_		_		-		_		_		_	_	_								
ABT-510																		-		-		-		-
ABT-751	-		-	-		-		-		-		-		-	-	-		-		-		-		-
	-		-	-		-		-		-		1.6		-	-	-		-		-		-		1.6
ABT-627	-		- -	-		-		-		-		1.6		- -	-	- - -		- - -		- - -		-		1.6
	- - -		- - -			-		- - -		- - -		1.6		- - -	- - -	- - -		-		-		-		
ABT-627	- - - -		- - - -					- - - -		- - - -		1.6		- - -	- - - -	- - - -		-		-		- - - -		
ABT-627 ABT-100	- - - - -		- - - -	- - - -		-		- - - -		- - - -		1.6 - - -		- - - -	- - - -	- - - -				- - - -		- - - -		
ABT-627 ABT-100 ABT-724	- - - - - - - -	\$	- - - - - - - - - - - - - - - - - - -	- - - - - -	\$	- - - - -	\$	- - - - -	\$	- - - - -	\$	1.6 - - - - - 1.6	\$	- - - - - - - -	- - - - - -	- - - - - - - - -	\$	- - - - - -	\$	- - - - -	\$	-	\$	

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Schedule 2A.15.

(2) Expected milestones have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-518, calculated in Schedule 2A.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	2003		2004		2005		2006		2007		2008		2009		2010		2011		2012		2013		2014		2015		Total	
ButFor (1)	\$	-	\$	-	\$	-	\$	0.1	\$	-	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.9
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$		\$		\$	-	\$	0.1	\$	_	\$	-	\$	(0.8)	\$	-	\$		\$		\$		\$		\$		\$	(0.8)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	0.1	\$	_	\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	(0.7)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 2A.15.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

But For Program Compound	2003	2004	20	005	20	006	20	07	20	08	20	009	2010	20	11	2012	20	13	2	2014		2015		To	tal
Compounds at Issue (2)																									
ABT-518	\$ -	\$	- \$	-	\$	0.1	\$	-	\$	-	\$	-	\$ -	\$	-	\$ -	\$	-	\$	-	\$	3	-	\$	0.1
Subtotal	\$ -	\$	- \$	-	\$	0.1	\$	-	\$	-	\$	-	\$ -	\$	-	\$ -	\$	-	\$	-	\$	3	Ξ	\$	0.1
Other Compounds																									
ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$ -	\$	-	\$	-	\$	3	-	\$	-
ABT-773	-		-	-		-		-		-		-	-		-	-		-		-			-		-
ABT-510	-		-	-		-		-		-		-	-		-	-		-		-			-		-
ABT-751	-		-	-		-		-		-		0.8	-		-	-		-		-			-		0.8
ABT-627	-		-	-		-		-		-		-	-		-	-		-		-			-		-
ABT-100	-		-	-		-		-		-		-	-		-	-		-		-			-		-
ABT-724	-		-	-		-		-		-		-	-		-	-		-		-			-		-
ABT-492	-		-	-		-		-		-		-	-		-	-		-		-			-		-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.8	\$ -	\$	-	\$ -	\$	-	\$	-	\$	3	- :	\$	0.8
																								_	0.9
Expected Milestones Actual	\$ -	\$	- \$	<u>-</u>	\$	0.1	\$	<u>-</u>	\$	_	\$	0.8	\$ -	\$	_	<u>\$ -</u>	\$	-	\$	-	\$	3	<u>- :</u>	\$	0.9
Actual Program Compound	2003	\$ 2004		005		0.1		007	20			0.8	2010	20:	11	2012	\$ 20	13		2014		2015		Tot	
Actual		· ·		005											<u>-</u> 11		· ·	13							
Actual Program Compound		· ·		005	\$				20		20		2010	20	11		20	13							
Actual Program Compound Compounds at Issue		· ·		005							20		2010	20:	- 11 -		· ·	13				2015			
Actual Program Compound Compounds at Issue ABT-518	2003	2004		005	\$	-	\$	107	20	08	20		2010	20	- 11 -	2012	20	13	\$	2014	\$	2015		Tot	
Actual Program Compound Compounds at Issue ABT-518 Subtotal	2003	2004			\$	-	\$	107	20	08	20		2010	20	<u>-</u> 111 -	2012	20	13	\$	2014	\$	2015	<u>- 1</u>	Tot	
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds	\$ - \$ -	\$ \$	- \$ - \$		\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$	<u>-</u> 11 -	\$ - \$ -	\$ \$	13	\$	2014	\$	2015	<u>- 1</u>	Tol. \$	
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594	\$ - \$ -	\$ \$	- \$ - \$		\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$	<u>-</u> 11 - - -	\$ - \$ -	\$ \$		\$	2014	\$	2015	<u>- 1</u>	Tol. \$	
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773	\$ - \$ -	\$ \$	- \$ - \$		\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$		\$ - \$ -	\$ \$		\$	2014	\$	2015	<u>- 1</u>	**************************************	
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510	\$ - \$ -	\$ \$	- \$ - \$		\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$		\$ - \$ -	\$ \$		\$	2014	\$	2015	<u>- 1</u>	**************************************	tal - - -
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751	\$ - \$ -	\$ \$	- \$ - \$	- - - - - - -	\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$		\$ - \$ -	\$ \$		\$	2014	\$	2015	<u>- 1</u>	**************************************	tal - - -
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$ \$	- \$ - \$	- 1005 - - - - - - -	\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$		\$ - \$ -	\$ \$		\$	2014	\$	2015	<u>- 1</u>	**************************************	tal - - -
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$	- \$ - \$	- 1005 - - - - - - - -	\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$		\$ - \$ -	\$ \$		\$	2014	\$	2015	<u>- 1</u>	**************************************	tal - - -
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$ \$	- \$ - \$	- - - - - - - - - -	\$	-	\$	107	\$	08	\$		\$ - \$ -	\$ \$ \$		\$ - \$ -	\$ \$		\$	2014	\$	2015	- :	**************************************	1.6
Actual Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-511 ABT-627 ABT-100 ABT-724 ABT-724 ABT-492	\$ - \$ - \$ - - - -	\$ \$ \$		- - - - - - - - - - - - - - - -	\$ \$ \$		\$ \$	- - - - - - - - -	\$ \$	- - - - - - -	\$ \$	- - - 1.6 - -	\$ \$ 	\$ \$	- - - - - - - - -	\$ - \$ - \$ - - - - -	\$ \$ \$		\$ \$ \$		\$ \$	2015	- : : : : : : : : : : : : : : : : : : :	\$ \$ \$ \$ \$	1.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Schedule 2A.17.

(2) Expected milestones are adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for all other compounds except ABT-518. For example, ABT-518 milestones for 2006 are calculated as 1.2 (expected milestones per Mr. Friedman; see Schedule 2A.17) x .04 (diminishment factor; see Schedule 2A.16).

Calculation of Expected Probability of Success Diminishment Factor Low Case

	Α	В	C = B / A	
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion	
at Issue	Projections (1)	Projections (2)	Factor	
ABT-518	6.00%	10.00%	1.67	
		Average	1.67	D
Other	Per Hancock 2001	Per Abbott 2005	Conversion	
Compounds	Projections (3)	Projections (1)	Factor	
ABT-594	50.00% (4)	0.00% (5)	-	
ABT-773	70.00% (4)	$0.00\%^{(5)}$	-	
ABT-510	30.00%	0.00%	-	
ABT-751	40.00%	8.00%	0.20	
ABT-627	70.00%	0.00%	-	
ABT-100	10.00%	0.00%	-	
ABT-724	10.00%	0.00%	-	
ABT-492	30.00%	0.00%		
		Average	0.03	E
Expec	ted Probability of Success	Diminishment Factor	0.04	$F = D \times E$

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

- Notes: (1) Unless noted otherwise, per Friedman Exhibit 5.3.
 - (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
 - (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."
 - (4) Unless noted otherwise, per NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518."
 - (5) ABT-594 and ABT-773 success probabilities have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Re-creation of Mr. Friedman's Expected Milestones Forecast Low Case

But For (1) Program Compound	2003	2004	20	005	20	06	20	07	200	18	2009		2010	2011	2	012	20	13	2	2014		2015	To	tal
Compounds at Issue				,,,,,							2003		2010					,10		-011	_	2010		
ABT-518 ⁽³⁾	\$ -	\$	- \$	_	\$	1	\$	_	\$	_	\$	_	\$ -	\$ -	\$	_	\$	_	\$	_	\$	· -	\$	1
Subtotal	\$ -		- \$	-	\$	1		-				-		\$ -		-	\$	-	\$	-				1
Other Compounds	<u> </u>																							
ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$ -	\$	-	\$	-	\$	-	\$		\$	-
ABT-773	-		-	-		-		-		-		-	-			-		-		-		-		-
ABT-510	-		-	-		-		-		-		-	-			-		-		-		-		-
ABT-751	-		-	-		-		-		-		1	-			-		-		-		-		1
ABT-627	-		-	-		-		-		-		-	_			-		-		-		-		-
ABT-100	-		-	-		-		-		-		-	_			-		-		-		-		-
ABT-724	-		-	-		-		_		_		-	-			_		_		_		-		-
ABT-492	-		-	-		-		-		_		_	_			_		-		_		_		-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	1	\$ -	\$ -	\$	-	\$	-	\$	-	\$; -	\$	1
Jubious																	"							
Expected Milestones	\$ -	\$	- \$	_	\$	1	\$		\$	<u>-</u>	\$	1 =	\$ -	\$ -	\$	-	\$	-	\$	-	\$	<u> </u>	\$	2
		\$ 2004	<u> </u>	- 005	\$ 20			107	200	-	2009	1 =	2010	2011	<u> </u>	- 012		-)13		- 2014		2015		2 otal
Expected Milestones Actual (2)	\$ -		<u> </u>							-		1 =			<u> </u>									
Expected Milestones Actual (2) Program Compound	\$ -		<u> </u>							-					<u> </u>									
Actual ⁽²⁾ Program Compound Compounds at Issue	\$ -		<u> </u>							08	2009		2010		<u> </u>							2015		
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518	2003	2004	- \$			06	20		200	08	2009		2010	2011			20		\$		\$	2015		
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal	2003	2004	- \$			06	20		200	08	2009	<u>-</u> -	2010	2011			20		\$		\$	2015		
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds	\$ - \$ - \$ -	\$ \$	- \$		\$ \$	06	20		\$	08	2009 \$ \$	<u>-</u> -	2010 \$ - \$ -	2011			20		\$		\$	2015	\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773	\$ - \$ - \$ -	\$ \$	- \$		\$ \$	06	20		\$	08	2009 \$ \$	<u>-</u> -	2010 \$ - \$ -	2011			20		\$		\$	2015	\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594	\$ - \$ - \$ -	\$ \$	- \$		\$ \$	06	20		\$	08	2009 \$ \$	<u>-</u> -	2010 \$ - \$ -	2011			20		\$		\$	2015	\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510	\$ - \$ - \$ -	\$ \$	- \$		\$ \$	06	20		\$	08	2009 \$ \$		2010 \$ - \$ -	2011			20		\$		\$	2015	\$ \$	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751	\$ - \$ - \$ -	\$ \$	- \$		\$ \$	06	20		\$	08	2009 \$ \$		2010 \$ - \$ -	2011			20		\$		\$	2015	\$ \$	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627	\$ - \$ - \$ -	\$ \$	- \$		\$ \$	06	20		\$	08	2009 \$ \$		2010 \$ - \$ -	2011			20		\$		\$	2015	\$ \$	- - - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ - \$ -	\$ \$	- \$		\$ \$	06	20		\$	08	2009 \$ \$		2010 \$ - \$ -	2011			20		\$		\$	2015	\$ \$	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ - \$ -	2004 \$ \$	- \$		\$ \$	06	20		\$		2009 \$ \$	- - - - 2 -	2010 \$ - \$ -	2011	\$ \$		20		\$		\$	2015	\$ \$ \$	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-627 ABT-100 ABT-724 ABT-492	\$ - \$ - \$ -	\$ \$ \$	- \$ - \$		\$ \$ \$	- - - - - -	\$ \$ \$		\$ \$ \$		2009 \$ \$ \$	- - - - - - - -	\$ - \$ - - - - - -	\$	\$ \$	- - - - - - -	\$ \$ \$		\$ \$		\$ \$	2015	\$ \$ \$	- - - - 2 -

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.6.

- (2) Unless noted otherwise, per Friedman Exhibit 4.7.
- (3) Assumes ABT-518 would be the first program compound to receive FDA approval. Amount is calculated as $20 \times .06$.
- (4) ABT-594 and ABT-773 milestones have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518

Calculation of Compound Launch Delay Low Case

Compounds	Per Abbott 2001	Per Abbott 2005	
Not At Issue	Projections	Projections (3)	Difference
ABT-594	2004 (1)	n/a	n/a
ABT-773	2004 (1)	n/a	n/a
ABT-510	2006 (2)	n/a	n/a
ABT-751	2006 (2)	2009	3
ABT-627	$2004^{(2)}$	n/a	n/a
ABT-100	2006 (2)	n/a	n/a
ABT-724	2007 (2)	n/a	n/a
ABT-492	2005 (2)	n/a	n/a
Expected Com	pound Launch Dela	ny (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518

(2) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(3) Source: Friedman Exhibit 4.4

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Base Case Discounted At 10%

Dollars in Millions

	Lost yalties	Mil	Lost estone ments	 Total
Mr. Friedman's Base Case	\$ 26.0	\$	(1.0)	\$ 25.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	 (25.3)		(2.5)	 (27.8)
	\$ 0.7	\$	(3.5)	\$ (2.8)
Less: Adjustment to Reflect Delay in Launch Dates	(0.4)		(0.0)	 (0.4)
	\$ 0.4	\$	(3.5)	\$ (3.2)
Less: Adjustment to Reflect Appropriate Discount Rate	 (0.1)		0.4	 0.3
	\$ 0.2	\$	(3.2)	\$ (2.9)

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 10%

	Annual	Royalty																												
	Sales	Rate	200	3	20	004	20	05	2006		2007	7	2	008		2009	2	2010	2	2011	2	2012	2	013	2	2014	2	2015	T	otal
ButFor (1)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	0.8	\$	1.5	\$	4.4	\$	9.2	\$	11.6	\$	6.7	\$	34.4
	400-1000	4.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	Total		\$	-	\$	-	\$	-	\$		\$	_	\$	-	\$	0.3	\$	0.8	\$	1.5	\$	4.4	\$	9.2	\$	11.6	\$	6.7	\$	34.4
Actual (1)	Up to 400	8.50%	\$		\$		\$		\$		\$		\$		\$	0.2	¢	0.8	\$	1.4	¢	4.4	æ	9.1	\$	11 5	æ	6 E	¢	33.9
Actual	•		Ф	-	Ф	-	Ф	-	Þ	-	Ф	-	Ф	-	Þ	0.2	\$	0.6	Ф	1.4	\$	4.4	\$	9.1	Þ	11.5	\$	6.5	\$	33.9
	400-1000	4.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		-				-		-		-		-		_		_		-		-		-		
	Total		\$	-	\$	-	\$	-	\$		\$	-	\$	-	\$	0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
Lost Royaltie	es		\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.4
Discount Rate	e At 10% ⁽²⁾			1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Re	oyalties		\$	-	\$	-	\$		\$		\$	-	\$		\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.2
															_						_				_				_	

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Schedule 2B.2.

Differences are due to rounding.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																									
	Sales	Rate	2003	2004	<u> </u>	2005	2006	20	07	2	2008	2	2009	2	010	2	011	2	2012	2	013	2	2014	2	2015	T	otal_
ButFor (1)	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$ - - - - \$ -	\$	- - - - -	\$ - - - - \$ -	\$ - - - - \$ -	\$ \$	- - - -	\$ \$	- - - -	\$	0.3	\$	0.8	\$	1.5 - - - 1.5	\$ \$	4.4	\$	9.2 - - - - 9.2	\$	11.6 - - - 11.6	\$	6.7 - - - - 6.7	\$	34.4
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$ - - - - - \$ -	\$	- - - -	\$ - - - - - -	\$ - - - - - \$ -	\$ \$	- - - - -	\$ \$	- - - -	\$ \$	0.2	\$	0.8	\$ \$	1.4 - - - 1.4	\$ \$	4.4	\$ \$	9.1 - - - - 9.1	\$ \$	11.5 - - - - 11.5	\$ \$	6.5 - - - - 6.5	\$ \$	33.9
Lost Royaltie Discount Rate PV of Lost Ro	e At 4.04% ⁽³⁾		\$ - 1 \$ -	\$	1 -	\$ - 1 \$ -	\$ - 1 \$ -	\$	1	\$	- 0.96 -	\$	0.0 0.92 0.0	\$	0.0 0.89 0.0	\$	0.0 0.85 0.0	\$	0.1 0.82 0.1	\$	0.1 0.79 0.1	\$	0.1 0.76 0.1	\$	0.1 0.73 0.1	\$	0.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 2B.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 2B.6.

(3) Source: Friedman Exhibit 3.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales (1)

Program Compound	Indication	Region	20	03	2004	2	2005	20	06	200	07	200	08	20	009	20	010	20)11	2	012	2	013	2	014	2	015	T	otal
Compounds At Issue (2)	_																												
ABT-518	All	Global						\$	-	\$	-	\$	-	\$	0.1	\$	0.2	\$	0.4	\$	0.7	\$	1.0	\$	1.3	\$	1.5	\$	5.3
Subtotal			\$	-	\$	- \$	-	\$	-	\$	-	\$	-		0.1	\$	0.2	\$	0.4	\$	0.7	\$	1.0	\$	1.3	\$	1.5	\$	5.3
Reduction for 10 Year R	oyalty Limit																												-
Subtotal			\$		\$	- \$	-	\$		\$		\$		\$	0.1	\$	0.2	\$	0.4	\$	0.7	\$	1.0	\$	1.3	\$	1.5	\$	5.3
Other Compounds	_																												
ABT-594	Chron. Perc. Pain	Global	\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	Neuro Pain	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Tablet	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	IV	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-	-		-		-		-		1.6		3.3		7.4		18.4		34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-	-		-		-		-		1.2		5.7		9.4		32.8		72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		_
Subtotal			\$		\$	- \$	-	\$	-	\$	-	\$	-	\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$	134.7	\$	77.0	\$	398.9
Expected But-For Net Sale	es		\$	-	\$	- \$	-	\$	-	\$		\$	_	\$	2.9	\$	9.2	\$	17.2	\$	51.9	\$	108.3	\$	136.1	\$	78.5	\$	404.1

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 2B.5.

(2) Expected sales have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-518, calculated in Schedule 2B.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																										
	Sales	Rate	2003	2004	<u> </u>	2005	:	2006	20	007	2	800	2	2009	2	2010	2	011	2	2012	2	013	2	014	2	015	T	otal
ButFor (1)	Up to 400 400-1000 1000-2000	8.50% 4.00% 1.00%	\$ - -	\$	- - -	\$ - -	\$	0.0	\$	0.0	\$	0.0	\$	0.3	\$	0.8	\$	1.5	\$	4.5 - -	\$	9.3 - -	\$	11.6	\$	6.7 - -	\$	34.8
	>2000 Total	0.50%	-	<u> </u>	_		<u> </u>	0.0	¢	0.0	r.	0.0	Φ.	0.3	Φ.	0.8	•	1.5	Φ.	4.5	r.	9.3	Φ.	11.6	<u></u>	6.7	•	24.0
	1 ota1		-	\$	_	\$ -	\$	0.0	\$	0.0	\$	0.0	\$	0.3	Þ	0.8	Þ	1.5	<u> </u>	4.5	\$	9.3	\$	11.6	\$	6.7	\$	34.8
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$ - - - - \$ -	- 	- - - -	\$ - - - - - \$ -	\$ \$	- - - -	\$ \$	- - - -	\$ \$	- - - -	\$	0.2	\$	0.8	\$ \$	1.4 - - - - 1.4	\$	4.4	\$ \$	9.1	\$	11.5 - - - - 11.5	\$	6.5	\$	33.9
Lost Royalties Discount Rate			\$ - 1	\$	1	\$ - 1	\$	0.0 1	\$	0.0 1	\$	0.0 0.96	\$	0.1 0.92	\$	0.1 0.89	\$	0.1 0.85	\$	0.1 0.82	\$	0.1 0.79	\$	0.1 0.76	\$	0.1 0.73	\$	0.9
PV of Lost Ro			\$ -	\$	_	\$ -	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.7

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 2B.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 2B.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales

Program Compound	Indication	Region	2003	3	2004	ı	200)5	20	006	20	007	2	008	2	2009	2	010	2	011	2	012	2	2013	20	014	2	015	_1	Fotal
Compounds at Issue (1)	_																													
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	0.1	\$	0.2	\$	0.4	\$	0.7	\$	1.0	\$	1.3	\$	1.5	\$	1.7	\$	1.7	\$	1.8	\$	10.4
Subtotal			\$	-	\$	-	\$	-	\$	0.1	\$	0.2	\$	0.4	\$	0.7	\$	1.0	\$	1.3	\$	1.5	\$	1.7	\$	1.7	\$	1.8	\$	10.4
Reduction for 10 Year Ro	yalty Limit																													-
Subtotal			\$	-	\$	-	\$		\$	0.1	\$	0.2	\$	0.4	\$	0.7	\$	1.0	\$	1.3	\$	1.5	\$	1.7	\$	1.7	\$	1.8	\$	10.4
Other Compounds (2)	_																													
ABT-594 (3)	Chron. Perc. Pain	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594 (3)	Neuro Pain	Global		_		-		-		_		_		_		_		_		_		_		_		_		_		-
ABT-594 (3)	Nociceptive pain	Global		_		_		_		-		-		_		_		_		_		_		_		_		_		_
ABT-773 (3)	Tablet	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	IV	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	Japan	Global		_		_		_		_		_		_		_		_		_		_		_		_		-		_
ABT-510	Non-Sarcoma	US		_		_		_		-		-		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	Ex-US		_		-		-		_		_		_		_		_		_		_		_		_		_		-
ABT-751	All	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4		34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8		72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$		\$		\$	-	\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$:	134.7	\$	77.0	\$	398.9
Expected But-For Net Sale	s		\$	<u>-</u>	\$	<u>-</u>	\$		\$	0.1	\$	0.2	\$	0.4	\$	3.6	\$	10.0	\$	18.1	\$	52.7	\$	108.9	\$:	136.4	\$	78.7	\$	409.3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to original expected sales for all other compounds except for ABT-518. For example, ABT-518 sales for 2011 are calculated as 47.8 (expected sales per Mr. Friedman; see Schedule 2B.9) x .03 (diminishment factor; see Schedule 2B.7).

(2) Unless noted otherwise, per Schedule 2B.6.

(3) ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Actual Sales (1)

Program Compound	Indication	Region	200)3	200)4	200	05	20	006	2	007	20	008	2	009	20	10	20	11	20)12	20	13	201	14	20	15	Total	
Compounds at Issue																														
ABT-518	All	Global	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	-	\$	_	\$	_	\$	_	\$	_	\$ -	_
Subtotal			\$	-	\$	_	\$	-	\$	-	\$	-	\$	-	$\overline{}$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$		\$ -	-
Reduction for 10 Year Ro	yalty Limit																													-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$		\$	-	\$	_	\$		\$		\$	-	\$		\$ -	-
																														_
Other Compounds	_																													
ABT-594 (2)	Chron. Perc. Pain	Global	\$	-	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	-	\$	_	\$	_	\$	-	\$	-	\$ -	_
ABT-594 (2)	Neuro Pain	Global		_		_		_		_		_		_		-		_		-		_		_		_		_		_
ABT-594 (2)	Nociceptive pain	Global		_		_		_		_		_		_		_		_		-		_		_		_		_		-
ABT-773 (2)	Tablet	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (2)	IV	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (2)	Japan	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	US		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	Ex-US		_		_		_		_		_		_		-		_		-		_		-		_		_		_
ABT-751	All	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4		34.4	4	11.8		24.2	131.0)
ABT-751	All	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8		72.9	9	93.0		52.8	267.8	3
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		_		_				_				_		-				_		-		_		_
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$ 1	07.3	\$ 13	34.7	\$	77.0	\$ 398.9	,
Expected Actual Net Sales			\$		\$		\$		\$	-	\$	-	\$		\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$ 1	07.3	\$ 13	34.7	\$	77.0	\$ 398.9	,

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Calculation of Expected Sales Diminishment Factor Base Case

Expected Sales for Compound ABT-518

Per Abbott 2001 Projections (1) 368 A

Per Hancock 2001 Projections (2) 251 B

$$0.68 \quad C = B/A$$

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections (3)	9,628	D
Per Abbott 2005 Projections (3)	399	Е
	0.04	F = E/D
Expected Sales Diminishment Factor	0.03	$G = C \times F$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Friedman Exhibit 3.4.

- (2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound For Compounds ABT 773, ABT 594 and ABT 518 -ABT 518/100 (MMPI/FTI)".
- (3) Source: Schedule 2B.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case

Program Compound	Indication	Region	Ye	ar 1	Ye	ear 2	Year 3		Year 4	Year 5	5	Year 6		Year 7	Ye	ar 8	Yea	9	Year 10)	Year 11	Yea	r 12	Year 1	13	Total
Per Abbott 2005 Projections (1)																										
ABT-594 (2)	Chron. Perc. Pain	Global	\$	-	\$	-	\$	- \$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$ -
ABT-594 (2)	Neuro Pain	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-594 (2)	Nociceptive pain	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-773 (2)	Tablet	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-773 (2)	IV	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-773 (2)	Japan	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-510	Non-Sarcoma	US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-510	Non-Sarcoma	Ex-US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-751	All	US		1.6		3.3	7.	4	18.4	34	.4	41.8		24.2												131.0
ABT-751	All	Ex-US		1.2		5.7	9.	4	32.8	72	.9	93.0		52.8												267.8
ABT-627	Non PCA	US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-627	Non PCA	Ex-US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-627	HRPCA	US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-627	HRPCA	Ex-US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-627	Japan	Ex-US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-627	Ph IV Studies	US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-627	Ph IV Studies	Ex-US		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-100	All	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-724	All	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
ABT-492	All	Global		-		-		-	-		-	-		-		-		-		-	-		-		-	-
Subtotal			\$	2.9	\$	9.0	\$ 16.	3 \$	51.2	\$ 107	.3	\$ 134.7	\$	77.0	\$	-	\$	-	\$	_	\$ -	\$		\$	-	\$ 398.9
Per Hancock 2001 Projections (3)																										
ABT-594 (4)			\$	17.1	\$	44.4	\$ 102.	5 \$	170.8	\$ 273	3	\$ 307.4	\$	341.6	\$ 3	341.6	\$ 34	1.6								\$ 1,940.3
ABT-773 ⁽⁴⁾			Ψ	27.6	Ψ	71.8	165.		276.0	441		496.8		552.0		552.0		2.0								3,135.4
ABT-510				5.7		14.8	34.		56.8	90		470.0		332.0	,	.02.0	0.0	2.0								202.2
ABT-751				10.2		26.5	61.		102.0	163		183.6		204.0												750.7
ABT-627				24.4		63.3	146.		243.6	389		438.5		487.2	,	187.2	45	7.2								2,767.3
ABT-100				1.9		5.0	11.		19.2	30		34.6		38.4	-	107.2	-10									141.3
ABT-724				2.2		5.7	13.		22.0	35		39.6		30.4												117.9
ABT-492				6.1		15.9	36.		61.2	97		110.2		122.4		122.4										572.8
Subtotal			\$	95.2	\$	247.4	\$ 571.0			\$ 1,522		\$ 1,610.6		1,745.6		503.2	\$ 1,38	0.8	\$	_	\$ -	<u>s</u>		\$	_	\$ 9,627.9
Jubiliai			Ψ	75.2	Ψ	41/.1	φ 3/1.	<i>,</i> 4	201.0	ψ 1,544		Ψ 1,010.0	φ	1,/10.0	Ψ 1,	,00.2	Ψ 1,30	0.0	Ψ	_	Ψ -	Ψ		Ψ		Ψ 2,041.3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4

(2) ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

 $(3) \quad \text{Unless noted otherwise, per NCI Schedule "Expected Sales Based on Hancock Model By Compound"} \\$

(4) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound"

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	2003		200	14	20	005	2	006	20	007	2	008	2	2009	2	010	2	011	2	012	2	013	2	2014	2	015	 Γotal
Compounds at Issue																													
ABT-518 A	.11	Global	\$	_	\$	-	\$	_	\$	3	\$	8	\$	15	\$	26	\$	34	\$	48	\$	53	\$	59	\$	61	\$	62	\$ 368
Subtotal			\$ \$	-	\$	-	\$	-	\$	3	\$	8	\$	15	\$	26	\$	34	\$	48	\$	53	\$ \$	59 59	\$	61	\$	62	\$ 368
Reduction for 10 Year Royalty	y Limit (2)																												
Subtotal			\$	_	\$		\$	-	\$	3	\$	8	\$	15	\$	26	\$	34	\$	48	\$	53	\$	59	\$	61	\$	62	\$ 368
Other Compounds																													
ABT-594 (3)	hron. Perc. Pain	Global	\$	_	\$	-	\$	_	\$	_	\$	-	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	-	\$ -
	Ieuro Pain	Global		-		-		_		-		-		_		_		_		_		-		-		-		_	-
ABT-594 (3) N	lociceptive pain	Global		-		-		_		-		-		_		_		_		_		-		-		-		_	-
	ablet	Global		_		_		_		_		_		_		_		_		_		_		_		_		_	-
ABT-773 (3)	V	Global		_		_		_		_		_		_		_		_		_		_		_		_		_	_
(3)	npan	Global		_		_		_		_		_		_		_		_		_		_		_		_		_	_
-	Ion-Sarcoma	US		_		_		_		_		_		_		_		_		_		_		_		_		_	-
ABT-510 N	Ion-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-751 A	.11	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4		34.4		41.8		24.2	131.0
ABT-751 A	.11	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8		72.9		93.0		52.8	267.8
ABT-627 N	Ion PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627 N	Ion PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627 H	IRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627 H	IRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
	npan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627 Pl	h IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627 Ph	h IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-100 A	.11	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-724 A	.11	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-492 A	.11	Global		-		-		-		-		-		-		-		-		-		-		-		-		-	-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$ 399
Expected But-For Net Sales			\$	<u>-</u> .	\$		\$	-	\$	3	\$	8	\$	15	\$	29	\$	43	\$	65	\$	104	\$	166	\$	195	\$	139	\$ 767

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

⁽²⁾ Source: Friedman Exhibit 3.2.

⁽³⁾ ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	2003		200	4	20	05	20	006	20	007	20	008	20	09	20	10	20)11	20)12	2	013	2	014	20	15	T	otal
Compounds at Issue																														
ABT-518 A	.11	Global	\$	_	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	-	\$	-	\$	-
Subtotal			\$ \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$	-
Reduction for 10 Year Royalty	y Limit (2)																													-
Subtotal			\$		\$		\$	-	\$	-	\$	-	\$		\$	-	\$	-	\$		\$	-	\$	-	\$		\$		\$	<u> </u>
Other Compounds																														
ABT-594 (3)	hron. Perc. Pain	Global	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
	Ieuro Pain	Global		_		-		_		_		_		_		_		_		_		_		_		-		-		-
	lociceptive pain	Global		_		-		_		_		_		_		_		_		_		_		_		_		_		_
		Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	V	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (3) Ja	npan	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
		US		_		-		_		_		_		_		_		_		_		_		_		_		_		-
ABT-510 N	Ion-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751 A	.11	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4		34.4		41.8		24.2		131.0
ABT-751 A	.11	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8		72.9		93.0		52.8		267.8
ABT-627 N	Ion PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627 N	Ion PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627 H	IRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627 H	IRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627 Ja	npan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627 Pl	h IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627 Ph	h IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100 A	.11	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724 A	.11	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492 A	.11	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	Ξ.	\$	-	\$	-	\$	-	\$	-	\$	-	\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$	399
Expected Net Sales (But For)			\$		\$	_	\$	-	\$		\$	-	\$		\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$	399

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

⁽²⁾ Source: Friedman Exhibit 3.2.

⁽³⁾ ABT-594 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 17.5%

	200)3	200	04	20	05	200	6	2007	7	2	008	2	2009	2	010	2	2011	2	012	2	2013	2	2014	2	2015	Т	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.4	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.4
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$	_	\$		\$		\$	-	\$	-	\$	-	\$	(3.8)	\$		\$		\$	-	\$		\$		\$		\$	(3.8)
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$	_	\$	-	\$	_	\$	-	\$	(3.2)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(3.2)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 2B.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	200)3	200	04	20	05	2006	6	2007		2008	:	2009	2	010	2	2011	2	012	2	2013	2	014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	- 5	-	\$	4.4	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.4
Actual (1)		-		-		-		-		-	-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$		\$	-	\$	-	\$	_	\$	- 5	5 -	\$	(3.8)	\$	_	\$	_	\$	-	\$	_	\$	-	\$	-	\$	(3.8)
Discount Rate At 4.04% (2)		1		1		1		1		1	0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	_	\$	- 5	, -	\$	(3.5)	\$	-	\$	-	\$	_	\$	-	\$	-	\$	-	\$	(3.5)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 2B.13.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

Program Compound	2003	2004	1 20	05	200	06	200	07	200	18	2009	2010	2	2011	2012	20	13	20	14	20	15	Te	otal
Compounds at Issue (2)																							
ABT-518	\$ -	\$	- \$	-	\$	-	\$	-	\$	- 5	\$ 0.3	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	0.3
Subtotal	\$ -	\$	- \$	-	\$		\$	-	\$	- !	\$ 0.3	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	0.3
Other Compounds																							
ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	- 5	\$ -	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	-
ABT-773	-		-	-		-		-		-	-		-	-	-		-		-		-		-
ABT-510	-		-	-		-		-		-	-		-	-	-		-		-		-		-
ABT-751	-		-	-		-		-		-	4.1		-	-	-		-		-		-		4.1
ABT-627	-		-	-		-		-		-	-		-	-	-		-		-		-		-
ABT-100	-		-	-		-		-		-	-		-	-	-		-		-		-		-
ABT-724	-		-	-		-		-		-	-		-	-	-		-		-		-		-
ABT-492						-		-		-	-		-	-	-		-		-		-		-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	- !	\$ 4.1	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	4.1
Expected Milestones	\$ -	\$	- \$	-	\$	-	\$	-	\$	- 9	\$ 4.4	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	4.4
Actual Program Compound	2003	2004	1 20	05	200	06	200	07	200	18	2009	2010	2	2011	2012	20	13	20)14	20	15	To	otal
	2003	2004	1 20	05	200	06	200	07	200	18	2009	2010		2011	2012	20	13)14	20	15	T	otal
Program Compound	\$ -	\$	<u>20</u>	05	200	<u>-</u>	\$	-	\$		2009	2010 \$	- \$	2011	\$ -	<u>20</u>	13	\$) 14 -	<u>20</u>	15 -	*	otal -
Program Compound Compounds at Issue	\$ - \$ -			05		06 - -		07 - -		- 5				2011		\$	13)14 - -		- -	_	otal - -
Program Compound Compounds at Issue ABT-518	\$ -	\$	- \$		\$		\$	-	\$	- 5	\$ -	\$	- \$	=	\$ -	\$	-	\$	-	\$	-	\$	otal - -
Program Compound Compounds at Issue ABT-518 Subtotal	\$ -	\$	- \$	<u>-</u> -	\$		\$	-	\$	<u>- </u>	\$ -	\$	- \$	=	\$ -	\$	-	\$	-	\$	-	\$	otal
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds	\$ - \$ -	\$ \$	- \$ - \$	- -	\$ \$		\$ \$	-	\$ \$	<u>- </u>	\$ - \$ -	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594	\$ - \$ -	\$ \$	- \$ - \$		\$ \$		\$ \$	-	\$ \$	<u>- </u>	\$ - \$ -	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773	\$ - \$ -	\$ \$	- \$ - \$		\$ \$		\$ \$	-	\$ \$	<u>- </u>	\$ - \$ -	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	8.2
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510	\$ - \$ -	\$ \$	- \$ - \$		\$ \$		\$ \$	-	\$ \$	<u>- </u>	\$ - \$ -	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	-
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751	\$ - \$ -	\$ \$	- \$ - \$		\$ \$		\$ \$	-	\$ \$	<u>- </u>	\$ - \$ -	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	-
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$ \$	- \$ - \$		\$ \$		\$ \$	-	\$ \$	<u>- </u>	\$ - \$ -	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	-
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$	- \$ - \$		\$ \$		\$ \$	-	\$ \$	<u>- </u>	\$ - \$ - \$ - - 8.2	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	- - - 8.2 - -
Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$	- \$ - \$		\$ \$		\$ \$	-	\$ \$	- <u>\$</u> - \$ - \$	\$ - \$ -	\$ \$	- \$ - \$	=	\$ -	\$ \$	-	\$	-	\$ \$	-	\$ \$	8.2

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 2B.15.

(2) Expected milestones have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-518, calculated in Schedule 2B.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	20	03	20	04	20	005	2	.006	2007	7	2	2008	2	2009	2	010	2	2011	2	012	2	2013	2	2014	2	2015	Т	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.4
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$		\$	_	\$		\$	0.3	\$	_	\$	_	\$	(4.1)	\$	-	\$		\$		\$		\$		\$		\$	(3.8)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	0.3	\$	_	\$	-	\$	(3.8)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	(3.5)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 2B.15.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

But For Program Compound	2003	2004	20	05	20	06	20	07	20	08	20	009	2010	2011	2012	20	013	20	014	20)15	To	otal
Compounds at Issue (2)																							
ABT-518	\$ -	\$	- \$	-	\$	0.3	\$	_	\$	_	\$	_	\$	- \$	- \$	- \$	-	\$	_	\$	_	\$	0.3
Subtotal	\$ -	\$	- \$	-	\$	0.3	\$	-	\$	-	\$	-	_	- \$	- \$	- \$	-	\$	-	\$	-	\$	0.3
Other Compounds																							
ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	- \$	- \$	-	\$	-	\$	-	\$	-
ABT-773	-		-	-		-		-		-		-		-	-	-	-		-		-		-
ABT-510	-		-	-		-		-		-		-		-	-	-	-		-		-		-
ABT-751	-		-	-		-		-		-		4.1		-	-	-	-		-		-		4.1
ABT-627	-		-	_		-		_		-		-		_	-	-	-		-		-		-
ABT-100	-		-	-		-		-		-		-		-	-	-	-		-		-		-
ABT-724	-		-	-		-		-		-		-		-	-	-	-		-		-		-
ABT-492	-		-	_		-		-		-		_		_	-	-	-		-		-		-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	4.1	\$	- \$	- \$	- \$	-	\$	-	\$	-	\$	4.1
Expected Milestones	\$ -	\$	<i>-</i> \$	_	\$	0.3	\$	_	\$	-	\$	4.1	\$	- \$	- \$	- \$	-	\$	_	\$	_	\$	4.4
Actual Program Compound	2003	2004	20	05	20	06	20	07	20	ins	20	200	2040	2011									
Compounds at Issue								_		00		009	2010	2011	2012	2()13	20)14	20)15	To	otal
ABT-518												009	2010		2012		013	20	014)15	To	otal
Subtotal	\$ -	\$	- \$	_	\$	-	\$	_	\$	-	\$	-	\$	- \$	- \$	- \$	-	\$	-	\$	-		otal -
Jubiolai	\$ - \$ -	\$ \$	- \$ - \$	<u>-</u>	\$ \$	-	\$	<u> </u>		_		- -	\$		- \$)13 -	\$	-)15 - -	\$	otal
Other Compounds	\$ - \$ -	\$ \$		-		<u>-</u>		<u>-</u>	\$	_	\$	- - -	\$	- \$	- \$	- \$	-	\$	-	\$	-	\$	- -
Other Compounds		\$ \$		<u>-</u>		<u>-</u>		<u>-</u>	\$	_	\$	- - -	\$	- \$	- \$	- \$	-	\$	-	\$	-	\$ \$	- - -
	\$ - \$ -	- '	- \$	<u>-</u>	\$	<u>-</u>	\$	-	\$ \$	_	\$ \$	- - -	\$	\$ \$	- \$	- \$	-	\$	-	\$	-	\$	- - -
Other Compounds ABT-594 ABT-773		- '	- \$	- - -	\$	<u>-</u> - - -	\$	- - -	\$ \$	_	\$ \$	- - - -	\$	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	
Other Compounds ABT-594		- '	- \$	- - - -	\$	<u>-</u>	\$		\$ \$	_	\$ \$	- - - - 8.2	\$	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	- - - -
Other Compounds ABT-594 ABT-773 ABT-510 ABT-751		- '	- \$	- - - - -	\$	- - - - -	\$	- - - - -	\$ \$	_	\$ \$	- - - -	\$	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	8.2
Other Compounds ABT-594 ABT-773 ABT-510		- '	- \$	- - - - - -	\$	- - - - - -	\$	- - - - - -	\$ \$	_	\$ \$	- - - -	\$	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	- - - -
Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627		- '	- \$	- - - - -	\$	- - - - - -	\$	- - - - - - -	\$ \$	_	\$ \$	- - - -	\$	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	- - - -
Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100		- '	- \$	- - - - - - -	\$		\$	- - - - - - -	\$ \$	_	\$ \$	- - - -	\$	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	- - - 8.2
Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724		\$	- \$	- - - - - - - -	\$	- - - - - - -	\$	- - - - - - - - - -	\$ \$	_	\$ \$	- - - -	\$ \$	\$ \$	- \$ - \$	- \$	-	\$	-	\$	-	\$ \$	- - - - 8.2 -

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 2B.17.

(2) Expected milestones are adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for all other compounds except ABT-518. For example, ABT-518 milestones for 2006 are calculated as 2.5 (expected milestones per Mr. Friedman; see Schedule 2B.17) x .1 (diminishment factor; see Schedule 2B.16).

Calculation of Expected Probability of Success Diminishment Factor Base Case

	Α	В	C = B / A	
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion	
at Issue	Projections (1)	Projections (2)	Factor	
ABT-518	12.50%	10.00%	0.80	
		Average	0.80	D
Other	Per Hancock 2001	Per Abbott 2005	Conversion	
Compounds	Projections (3)	Projections (1)	Factor	
ABT-594	50.00% (4)	0.00% (5)		
ABT-773	70.00% (4)	$0.00\%^{(5)}$	-	
ABT-510	30.00%	0.00%	-	
ABT-751	40.00%	41.00%	1.03	
ABT-627	70.00%	0.00%	-	
ABT-100	10.00%	0.00%	-	
ABT-724	10.00%	0.00%	-	
ABT-492	30.00%	0.00%		
		Average	0.13	E
Expec	ted Probability of Success	Diminishment Factor	0.10	$F = D \times E$

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

- Notes: (1) Unless noted otherwise, per Friedman Exhibit 5.2.
 - (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
 - (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."
 - (4) Unless noted otherwise, per NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518."
 - (5) ABT-594 and ABT-773 success probabilities have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518.

Re-creation of Mr. Friedman's Expected Milestones Forecast Base Case

But For (1) Program Compound	2003	2004	20	005	20	06	20	07	20	08	200)9	2010	20	11	203	12	20	13	2	2014		201	.5	Tota	al
Compounds at Issue																				_				_		
ABT-518 (3)	\$ -	\$	- \$	-	\$	3	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-		\$	-	\$	3
Subtotal	\$ -	\$	- \$	-	\$	3	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-		\$	-	\$	3
Other Compounds																										
ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	_		\$	-	\$	-
ABT-773	-		-	-		-		-		-		-	-		-		-		-		-			-		-
ABT-510	-		-	-		-		-		-		-	-		-		-		-		-			-		-
ABT-751	-		-	-		-		-		-		4	-		-		-		-		-			-		4
ABT-627	-		-	-		-		-		-		-	-		-		-		-		-			-		-
ABT-100	-		-	-		-		-		-		-	-		-		-		-		-			-		-
ABT-724	-		-	-		_		_		_		_	-		_		_		_		-			_		-
ABT-492	-		_	-		-		-		-		-	_		-		-		-		_			-		-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	4	\$ -	\$	-	\$	-	\$	-	\$	-		\$	-	\$	4
Subtotui	Ψ										_															_
Expected Milestones	\$ -	\$	- \$	-	\$	3	\$	<u>-</u>	\$	<u>-</u>	\$	4	\$ -	\$		\$	-	\$	-	\$	<u>-</u>	<u> </u>	\$	_	\$	7
		\$ 2004	<u> </u>	005	\$ 20			007	\$		200		2010	\$ 20		200		\$ 20			2014	= =	201		\$ Tota	
Expected Milestones Actual (2)	\$ -		<u> </u>											= <u></u>												
Expected Milestones Actual (2) Program Compound	\$ -		<u> </u>											= <u></u>								== = 				
Actual ⁽²⁾ Program Compound Compounds at Issue	\$ -		<u> </u>								200		2010	= <u></u>												
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518	2003	2004				06	20		20	08	200		2010			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal	2003	2004				06	20		20	08	200		2010			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$		\$ - \$ -			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$		\$ - \$ -			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$		\$ - \$ -			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$	- - - -	\$ - \$ -			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$	- - - -	\$ - \$ -			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$	- - - -	\$ - \$ -			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$	- - - -	\$ - \$ -			20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - 2003 \$ - \$ -	\$ \$			\$ \$	06	20		\$ \$	08	\$	- - - -	\$ - \$ -	\$ \$		20 2		20		\$			201		Tota	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-518 Subtotal Other Compounds ABT-594 ABT-773 ABT-100 ABT-751 ABT-627 ABT-100 ABT-724 ABT-492	\$ - \$ - \$ -	\$ \$	\$		\$ \$ \$		\$ \$ \$		\$ \$		\$ \$ \$	- - - - 8 - -	\$ \$ 	\$ \$ \$		\$ \$ \$		\$ \$ \$		\$ \$	- - - - - - -	-	201 \$ \$		**************************************	8

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.6.

- (2) Unless noted otherwise, per Friedman Exhibit 3.7.
- (3) Assumes ABT-518 would be the first program compound to receive FDA approval. Amount is calculated as 20 x .125.
- (4) ABT-594 and ABT-773 milestones have been reduced to zero to illustrate damage calculations for the individual compound, ABT-518

Calculation of Compound Launch Delay Base Case

Compounds Not At Issue	Per Abbott 2001 Projections	Per Abbott 2005 Projections (3)	Difference
ABT-594	2004 (1)	n/a	n/a
ABT-773	2004 (1)	n/a	n/a
ABT-510	2006 (2)	n/a	n/a
ABT-751	2006 (2)	2009	3
ABT-627	$2004^{(2)}$	n/a	n/a
ABT-100	2006 (2)	n/a	n/a
ABT-724	2007 (2)	n/a	n/a
ABT-492	2005 (2)	n/a	n/a
Expected Com	pound Launch Dela	ny (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-518 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518

(2) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(3) Source: Friedman Exhibit 3.4

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Low Case Discounted At 10%

Dollars in Millions

	Lost yalties	Mil	Lost estone ements	 Γotal
Mr. Friedman's Low Case	\$ 41.0	\$	3.0	\$ 44.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	 (40.1)		(3.5)	(43.6)
	\$ 0.9	\$	(0.5)	\$ 0.4
Less: Adjustment to Reflect Delay in Launch Dates	 (0.2)			(0.2)
	\$ 0.7	\$	(0.5)	\$ 0.2
Less: Adjustment to Reflect Appropriate Discount Rate	 (0.2)		0.1	(0.1)
	\$ 0.5	\$	(0.4)	\$ 0.1

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 10%

	Annual	Royalty																											
	Sales	Rate	2003		200)4	2005		2006	2	.007	2	2008	:	2009	2	2010	2	2011	2	2012	2	013	2	014	2	2015	T	otal
ButFor (1)	Up to 400 400-1000 1000-2000 >2000	8.50% 4.00% 1.00% 0.50%	\$	- - - -	\$	- - -	\$ -	- - - -	\$ - - - -	\$	0.0	\$	0.0	\$	0.1	\$	0.2	\$	0.2	\$	0.6	\$	1.0	\$	1.3	\$	0.8	\$	4.2 - - -
	Total		\$	-	\$	-	\$ -		\$ -	\$	0.0	\$	0.0	\$	0.1	\$	0.2	\$	0.2	\$	0.6	\$	1.0	\$	1.3	\$	0.8	\$	4.2
Actual (1)	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$	- - - - -	\$	- - - -	\$ -	- - 	\$ - - - - \$ -	\$	- - - - -	\$ \$	- - - -	\$ \$	0.0	\$	0.1 - - - - 0.1	\$	0.1 - - - - 0.1	\$	0.4	\$	0.9	\$	1.1 - - - - 1.1	\$ \$	0.6	\$ \$	3.3
Lost Royaltie Discount Rate			\$	- 1	\$	- 1	\$ -	- L	\$ - 1	\$	0.0 1	\$	0.0 0.91	\$	0.0 0.83	\$	0.1 0.75	\$	0.1 0.68	\$	0.1 0.62	\$	0.1 0.56	\$	0.1 0.51	\$	0.1 0.47	\$	0.8
PV of Lost Ro			\$	-	\$		\$ -		\$ -	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.5

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3A.2.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																										
	Sales	Rate	2003	2	2004	20	05	2006	2	2007	2	2008	2	2009	2	010	2	011	2	2012	2	013	2	014	2	015	T	otal
ButFor (1)	Up to 400	8.50%	\$	\$	-	\$	-	\$ -	\$	0.0	\$	0.0	\$	0.1	\$	0.2	\$	0.2	\$	0.6	\$	1.0	\$	1.3	\$	0.8	\$	4.2
	400-1000	4.00%			-		-	-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%			-		-	-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%			-		-	-		-		-		-		-		-		-		-		-		-		-
	Total		\$	\$	-	\$	-	\$ -	\$	0.0	\$	0.0	\$	0.1	\$	0.2	\$	0.2	\$	0.6	\$	1.0	\$	1.3	\$	0.8	\$	4.2
																												<u>.</u>
Actual (2)	Up to 400	8.50%	\$. \$	_	\$	_	\$ -	\$	-	\$	_	\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
	400-1000	4.00%			-		-	-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%			_		_	_		-		_		_		_		_		-		_		-		_		-
	>2000	0.50%			_		_	_		-		_		_		_		_		-		_		-		_		-
	Total		\$	\$	-	\$	-	\$ -	\$	-	\$	-	\$	0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
						-																						
Lost Royaltie	s		\$	\$	-	\$	-	\$ -	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.8
Discount Rate			1		1		1	1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Ro			\$	\$	_	\$	_	\$ -	\$	0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.7
	•			- <u> </u>		· —			· —		$\dot{-}$		$\dot{-}$		÷		÷		$\dot{-}$		÷		÷		$\dot{-}$		$\dot{-}$	

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 3A.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 3A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales (1)

Program Compound	Indication	Region	20	03	2004		2005	20	06	20	07	2	800		2009	2	010	2	011	2	012	2	2013	2	014	2	015	T	otal
Compounds At Issue (2)	_																												
ABT-594	Chron. Perc. Pair	n Global						\$	-	\$	0.0	\$	0.1	\$	0.2	\$	0.4	\$	0.6	\$	0.7	\$	0.7	\$	0.7	\$	0.7	\$	4.2
ABT-594	Neuro Pain	Global							-		0.1		0.4		0.3		0.4		0.6		0.7		0.8		0.8		0.8		4.8
ABT-594	Nociceptive pain	Global							-		-		0.0		0.0		0.1		0.1		0.1		0.1		0.1		0.1		0.6
Subtotal			\$	-	\$	- \$	-	\$	-	\$	0.1	\$	0.5	\$	0.5	\$	0.9	\$	1.2	\$	1.6	\$	1.6	\$	1.6	\$	1.6	\$	9.7
Reduction for 10 Year R	loyalty Limit																												-
Subtotal			\$		\$	- \$	-	\$		\$	0.1	\$	0.5	\$	0.5	\$	0.9	\$	1.2	\$	1.6	\$	1.6	\$	1.6	\$	1.6	\$	9.7
Other Compounds	_																												
ABT-518	All	Global	\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-773	Tablet	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	IV	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-	-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-	-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-	-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		_		_	-		_		_		-		-		_		_		_		-		-		_		-
ABT-724	All	Global		-		-	_		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-	_		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sal	es		\$	-	\$	- \$	-	\$	-	\$	0.1	\$	0.5	\$	0.8	\$	1.8	\$	2.9	\$	6.6	\$	12.2	\$	15.0	\$	9.2	\$	49.0
														_															

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3A.5.

⁽²⁾ Expected sales have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-594, calculated in Schedule 3A.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																									
	Sales	Rate	2003	 2004	20	005	2	2006	2	007	2	2008	 2009	2	2010	2	2011	2	2012	2	013	2	014	2	2015	T	otal
ButFor (1)	Up to 400	8.50%	\$ -	\$ 0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$ 0.2	\$	0.2	\$	0.3	\$	0.6	\$	1.0	\$	1.1	\$	0.6	\$	4.3
	400-1000	4.00%	-	-		-		-		-		-	-		-		-		-		-		-		-		-
	1000-2000	1.00%	-	-		-		-		-		-	-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		_		-		-	 -		-		-		-		-		-		-		
	Total		\$ -	\$ 0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$ 0.2	\$	0.2	\$	0.3	\$	0.6	\$	1.0	\$	1.1	\$	0.6	\$	4.3
Actual (2)	Up to 400	8.50%	\$ -	\$ -	\$	-	\$	-	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
	400-1000	4.00%	-	-		-		-		-		-	-		-		-		-		-		-		-		-
	1000-2000	1.00%	-	-		-		-		-		-	-		-		-		-		-		-		-		-
	>2000	0.50%	-	-		-		-		-		-	-		-		-		-		-		-		-		-
	Total		\$ -	\$ -	\$	-	\$	-	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
Lost Royaltie	s		\$ -	\$ 0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$ 0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	-	\$	-	\$	1.0
Discount Rate	At 4.04% (3)		1	1		1		1		1		0.96	0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Ro	yalties		\$ -	\$ 0.0	\$	0.0	\$	0.0	\$	0.1	\$	0.1	\$ 0.1	\$	0.1	\$	0.1	\$	0.1	\$	0.1	\$	-	\$	-	\$	0.9

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 3A.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 3A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales

Program Compound	Indication	Region	20	03	2	004	2	2005	2	006	20	007	2	008	 2009	2	010	20	011	2	012	2	2013	2	014	20	015	Т	Total
Compounds at Issue (1)	_																												
ABT-594	Chron. Perc. Pain	Global	\$	-	\$	0.0	\$	0.1	\$	0.2	\$	0.4	\$	0.6	\$ 0.7	\$	0.7	\$	0.7	\$	0.7	\$	0.7	\$	0.6	\$	0.6	\$	6.1
ABT-594	Neuro Pain	Global		-		0.1		0.4		0.3		0.4		0.6	0.7		0.8		0.8		0.8		0.8		0.7		0.7		7.0
ABT-594	Nociceptive pain	Global		-		-		0.0		0.0		0.1		0.1	0.1		0.1		0.1		0.1		0.1		0.1		0.1		1.0
Subtotal			\$	-	\$	0.1	\$	0.5	\$	0.5	\$	0.9	\$	1.2	\$ 1.6	\$	1.6	\$	1.6	\$	1.6	\$	1.5	\$	1.5	\$	1.4	\$	14.1
Reduction for 10 Year Ro	oyalty Limit																								1.5		1.4		2.9
Subtotal			\$		\$	0.1	\$	0.5	\$	0.5	\$	0.9	\$	1.2	\$ 1.6	\$	1.6	\$	1.6	\$	1.6	\$	1.5	\$		\$		\$	11.2
Other Compounds (2)																													
ABT-518 (3)	All	Global	\$	_	\$	-	\$	_	\$	-	\$	-	\$	-	\$ -	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	-
ABT-773 (3)	Tablet	Global		-		_		_		_		_		_	_		_		_		_		_		_		_		_
ABT-773 (3)	IV	Global		_		-		-		-		-		-	_		_		-		_		_		-		_		_
ABT-773 (3)	Japan	Global		-		_		_		_		-		_	_		_		-		_		_		_		_		_
ABT-510	Non-Sarcoma	US		-		_		_		_		_		_	_		-		_		_		_		-		_		_
ABT-510	Non-Sarcoma	Ex-US		-		_		_		_		_		_	_		_		_		_		_		_		_		_
ABT-751	All	US		-		-		-		-		-		-	0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-	0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sale	es		\$	-	\$	0.1	\$	0.5	\$	0.5	\$	0.9	\$	1.2	\$ 1.8	\$	2.5	\$	3.3	\$	6.6	\$	12.1	\$	13.4	\$	7.6	\$	50.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to original expected sales for all other compounds except for ABT-594. For example, ABT-594 sales for 2011 are calculated as 77.5 (expected sales per Mr. Friedman; see Schedule 3A.9) x .02 (diminishment factor; see Schedule 3A.7).

(2) Unless noted otherwise, per Schedule 3A.6.

(3) ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Actual Sales (1)

Program Compound	Indication	Region	200	3	200	4	20	05	20	06	20	007	200	08	20	009	20	10	20	11	2	012	2	013	2	2014	20	015	T	Γotal
Compounds at Issue	_																													
ABT-594	Chron. Perc. Pain	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	Neuro Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reduction for 10 Year Ro	yalty Limit																													_
Subtotal			\$		\$		\$	-	\$	-	\$	-	\$		\$	-	\$		\$	-	\$	-	\$		\$	-	\$		\$	
Other Compounds	_																													
ABT-518 (2)	All	Global	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-773 (2)	Tablet	Global		_		-		-		_		_		_		_		_		_		_		_		_		_		-
ABT-773 (2)	IV	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-773 (2)	Japan	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	US		-		-		-		-		-		-		_		-		-		-		-		_		_		_
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$		\$	-	\$	-	\$	-	\$	-	\$		\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected Actual Net Sales			\$	<u> </u>	\$		\$	-	\$	-	\$	-	\$		\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Calculation of Expected Sales Diminishment Factor Low Case

Expected Sales for Compound ABT-594

Per Abbott 2001 Projections
$$^{(1)}$$
 536 A

Per Hancock 2001 Projections $^{(2)}$ 2,231 B

4.16 C = B/A

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections ⁽³⁾	7,829	D
Per Abbott 2005 Projections (3)	39	E
	0.01	F = E/D
Expected Sales Diminishment Factor	0.02	$G = C \times F$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Friedman Exhibit 4.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound For Compounds ABT 773, ABT 594 and ABT 518 -ABT 594".

(3) Source: Schedule 3A.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case

Program Compound	Indication	Region	Ye	ar 1	Yea	ar 2	Year 3	Year	1	Year 5	Yea	ar 6	Year 7		Year 8	Year 9	Y	ear 10	Year	11	Year 12		ear 13	T	otal
Per Abbott 2005 Projections (1)	_																								
ABT-518 (2)	All	Global	\$	-	\$	-	\$ -	\$	- 9	5 -	\$	_	\$	- \$	-	\$	- \$	_	\$	-	\$ -	- \$	-	\$	-
ABT-773 (2)	Tablet	Global		-		-	-		-	-		-		-	-		-	-		-		-	-		-
ABT-773 (2)	IV	Global		-		-	-		-	-		-		-	-		-	-		-		-	-		-
ABT-773 (2)	Japan	Global		-		-	-		-	-		-		-	-		-	-		-		-	-		-
ABT-510	Non-Sarcoma	US		-		-	-		-	-		-		-	-		-	-		-		-	-		-
ABT-510	Non-Sarcoma	Ex-US		-		-	-		-	-		-		-	-		-	-		-		-	-		-
ABT-751	All	US		0.2		0.3	0.7	1	.8	3.4		4.2	2.4	4											13.0
ABT-751	All	Ex-US		0.1		0.6	1.0	3	.2	7.2		9.2	5.2	2											26.4
ABT-627	Non PCA	US		-		-	-		-	-		-		-	-		-	-		-		-	-		-
ABT-627	Non PCA	Ex-US		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-627	HRPCA	US		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-627	HRPCA	Ex-US		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-627	Japan	Ex-US		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-627	Ph IV Studies	US		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-627	Ph IV Studies	Ex-US		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-100	All	Global		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-724	All	Global		-		-	-		-	-		-		-	-		-	-		-	-	-	-		-
ABT-492	All	Global		-		-	-		-	-		-			-			-		-			-		-
Subtotal			\$	0.2	\$	0.9	\$ 1.7	\$ 5	.0 5	10.6	\$	13.4	\$ 7.0	5 \$	-	\$	- \$	-	\$	-	\$ -	- \$	-	\$	39.4
Per Hancock 2001 Projections	_																								
ABT-518 (4)			\$	1.9	\$	5.0	\$ 11.5	\$ 19	.2 9	30.7	\$	34.6	\$ 38.4	1										\$	141.3
ABT-773 (4)				27.6		71.8	165.6	276		441.6		96.8	552.0		552.0	552.0)								3,135.4
ABT-510				5.7		14.8	34.1	56	.8	90.9															202.2
ABT-751				10.2		26.5	61.2	102	.0	163.2	1	83.6	204.0)											750.7
ABT-627				24.4		63.3	146.2	243	.6	389.8	4	38.5	487.2	2	487.2	487.2	2							2	2,767.3
ABT-100				1.9		5.0	11.5	19	.2	30.7		34.6	38.4	4											141.3
ABT-724				2.2		5.7	13.2	22	.0	35.2		39.6													117.9
ABT-492				6.1		15.9	36.7	61	.2	97.9	1	10.2	122.4	4	122.4										572.8
Subtotal			\$	80.0	\$ 2	08.0	\$ 480.0	\$ 800	.0 5	\$ 1,280.0	\$ 1,3	37.8	\$ 1,442.	1 \$	1,161.6	\$ 1,039.2	\$	-	\$		\$ -	- \$	-	\$ 7	7,829.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594

(3) Unless noted otherwise, per NCI Schedule "Expected Sales Based on Hancock Model By Compound".

(4) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound"

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	2003		2004	200	05	2006		2007	2	008	2	009	20	010	20	11	201	12	20	013	20	14	20	15	T	otal
Compounds at Issue																												
ABT-594	Chron. Perc. Pai	n Global	\$	- \$	2	\$	6	\$ 12	2 \$	19	\$	27	\$	34	\$	35	\$	33	\$	32	\$	31	\$	31	\$	29	\$	291
ABT-594	Neuro Pain	Global		-	4		17	12	2	21		29		36		37		38		37		36		35		33		335
ABT-594	Nociceptive pair	n Global		-	-		1	2	2	3		4		5		6		6		6		6		6		6		48
Subtotal			\$	- \$	6	\$	23	\$ 26	5 \$	43	\$	59	\$	74	\$	78	\$	77	\$	75	\$	73	\$	71	\$	68	\$	675
Reduction for 10 Year R	oyalty Limit (2)																							71		68		139
Subtotal			\$	- \$	6	\$	23	\$ 26	5 \$	43	\$	59	\$	74	\$	78	\$	77	\$	75	\$	73	\$		\$		\$	536
Other Compounds																												
ABT-518 (3)	All	Global	\$	- \$	_	\$	_	\$	- \$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-773 (3)	Tablet	Global		_	_		_			_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	IV	Global		_	_		_		-	_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	Japan	Global		_	_		_		-	_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	US		_	_		_			_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	Ex-US		_	_		_		-	_		_		_		_		_		_		_		_		_		-
ABT-751	All	US		-	-		-		-	-		-		0		0		1		2		3		4		2		13
ABT-751	All	Ex-US		-	-		-		-	-		-		0		1		1		3		7		9		5		26
ABT-627	Non PCA	US		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-	-		-		-	-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-	-		-		-	-		-		-		-		-		-		-		-		-		-
Subtotal			\$	- \$	-	\$	-	\$	- \$	-	\$	-	\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Expected But-For Net Sale	es		\$	- \$	6	\$	23	\$ 26	5 \$	43	\$	59	\$	75	\$	79	\$	79	\$	80	\$	84	\$	13	\$	8	\$	575

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) Source: Friedman Exhibit 4.2.

⁽³⁾ ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	2003	3	2004	20	005	2006	6	200	7	2008	20	009	2010	0	2011	2	012	201	13	2014	<u> </u>	2015		Total
Compounds at Issue																										
ABT-594	Chron. Perc. Pai	in Global	\$	- \$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	- \$, -
ABT-594	Neuro Pain	Global		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-594	Nociceptive pair	n Global		-	-		-		-		-	-		-		-	-		-		-		-		-	-
Subtotal			\$	- \$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	- \$, -
Reduction for 10 Year I	Royalty Limit (2)																									-
Subtotal			\$	- \$	-	\$		\$	<u>-</u> .	\$	- \$	-	\$		\$		\$ -	\$	-	\$		\$	<u>-</u>	\$	- \$	<u> </u>
Other Compounds																										
ABT-518 (3)	All	Global	\$	- \$	_	\$	_	\$	_	\$	- \$	_	\$	_	\$	_	\$ -	\$	_	\$	_	\$	_	\$	- \$	<i>,</i> -
ABT-773 (3)	Tablet	Global		_	_		_		_		_	_		_		_	_		_		_		_		_	_
ABT-773 (3)	IV	Global		_	_		_		_		_	_		_		_	_		_		_		_		_	_
ABT-773 (3)	Japan	Global		_	_		_		_		_	_		_		_	_		_		_		_		_	_
ABT-510	Non-Sarcoma	US		_	_		_		_		_	_		_		_	_		_		_		_		_	_
ABT-510	Non-Sarcoma	Ex-US		_	_		_		_		_	_		_		_	_		_		_		_		_	_
ABT-751	All	US		-	_		-		_		_	_		0		0	1		2		3		4		2	13
ABT-751	All	Ex-US		-	-		-		-		-	-		0		1	1		3		7		9		5	26
ABT-627	Non PCA	US		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-627	Non PCA	Ex-US		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-627	HRPCA	US		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-627	HRPCA	Ex-US		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-627	Japan	Ex-US		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-627	Ph IV Studies	US		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-627	Ph IV Studies	Ex-US		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-100	All	Global		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-724	All	Global		-	-		-		-		-	-		-		-	-		-		-		-		-	-
ABT-492	All	Global		-	-		-		-		-	-		-		-	-		-		-		-		-	-
Subtotal			\$	- \$	-	\$	-	\$	-	\$	- \$	-	\$	0	\$	1	\$ 2	\$	5	\$	11	\$	13	\$	8 \$	39
Expected Net Sales (But	For)		\$	- \$	-	\$	-	\$	-	\$	- \$	-	\$	0	\$	1	\$ 2	\$	5	\$	11	\$	13	\$	8 \$	39

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) Source: Friedman Exhibit 4.2.

(3) ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 10%

	200	03	20	04	20	005	200	6	20	007	2	2008	2	.009	2	010	2	2011	2	012	2	2013	2	014	2	015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$	_	\$		\$		\$	_	\$	0.3	\$		\$	(0.8)	\$	-	\$	-	\$		\$	_	\$	-	\$		\$	(0.6)
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$		\$		\$	0.3	\$	-	\$	(0.7)	\$		\$	-	\$	_	\$		\$	-	\$	-	\$	(0.4)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3A.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	20	03	20	04	20	005	200)6	2	007	2	2008	2	009	2	2010	2	2011	2	2012	2	2013	2	2014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$		\$		\$		\$	_	\$	0.3	\$		\$	(0.8)	\$	-	\$	_	\$		\$		\$	_	\$	_	\$	(0.6)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(0.5)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 3A.13.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

<u> </u>												_			_				_				_	
Program Compound	2003	2004	20	05	200	06		007	2008	5	200	9	2010	2011		012)13		014		015		otal
Compounds at Issue (2)																								
ABT-594	\$ -	\$	- \$	-	\$	-	\$	0.3	\$	-	\$	-	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.3
Subtotal	\$ -	\$	- \$	-	\$	-	\$	0.3	\$	-	\$	-	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.3
Other Compounds																								
ABT-518	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-
ABT-773	-		-	-		-		-		-		-	-		-	-		-		-		-		-
ABT-510	-		-	-		-		-		-		-	-		-	-		-		-		-		-
ABT-751	-		-	-		-		-		-		0.8	-		-	-		-		-		-		0.8
ABT-627	-		-	-		-		-		-		-	-		-	-		-		-		-		-
ABT-100	-		-	-		-		-		-		-	-		_	-		-		-		-		-
ABT-724	-		-	-		-		_		-		_	-		-	-		-		-		_		_
ABT-492	-		-	-		-		_		-		_	-		-	-		-		-		_		_
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.8	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.8
Expected Milestones	\$ -	\$	- \$	_	\$		\$	0.3	\$	_	\$	0.8	\$ -	\$	<i>-</i> \$	_	\$	_	\$	-	\$	_	\$	1.1
Actual Program Compound	2003	2004	20	05	200	06	20	007	2008	8	200	9	2010	2011		012	20	013	2	014	2	015	Т	otal
	2003	2004		05	200	06	2	007	2008	3	200	9	2010	2011		012	20	013		014		015	T	otal
Program Compound	2003	2004	- \$	05		06	\$	007	2008	3	<u>200</u>	9				012	\$)13 -	\$	014	\$	015	<u>T</u>	otal -
Program Compound Compounds at Issue		\$		05	\$	-			\$		\$	<u>-</u>	\$ -			012		=		014	\$	-		otal - -
Program Compound Compounds at Issue ABT-594	\$ -	\$	- \$	-	\$	-	\$	-	\$	_	\$	_	\$ -	\$	- \$	-	\$	=	\$	-	\$	-	\$	otal - -
Program Compound Compounds at Issue ABT-594 Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	_	\$	_	\$ -	\$	- \$	-	\$	=	\$	-	\$	-	\$ \$	otal
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds	\$ - \$ -	\$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$	_	\$ - \$ -	\$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$	otal
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773	\$ - \$ -	\$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$	_	\$ - \$ -	\$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$ \$	otal
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518	\$ - \$ -	\$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$ \$	_	\$ - \$ -	\$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$ \$	
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510	\$ - \$ -	\$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$ \$	- - -	\$ - \$ -	\$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$ \$	1.6
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751	\$ - \$ -	\$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$ \$	- - -	\$ - \$ -	\$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$ \$	
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$ \$	- - -	\$ - \$ -	\$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$ \$	
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$ \$	- - -	\$ - \$ -	\$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$ \$	
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$	_	\$ \$	- - -	\$ - \$ -	\$ \$	- \$ - \$	-	\$ \$	=	\$	-	\$ \$	-	\$ \$	

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3A.15.

(2) Expected milestones have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-594, calculated in Schedule 3A.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	200	03	2	004	20	05	200	6	2007	7	2	008	2	2009	2	010	2	2011	2	012	2	2013	2	014	2	2015	Т	otal
ButFor (1)	\$	-	\$	0.3	\$	-	\$	-	\$	-	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$		\$	0.3	\$		\$	_	\$	_	\$		\$	(0.8)	\$	_	\$		\$		\$		\$	_	\$		\$	(0.6)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	0.3	\$	_	\$	-	\$	_	\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(0.5)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 3A.15.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

But For Program Compound	2003	20	004	200	05	20	06	20	07	20	08	20	009	2010	2011	2012	20	013	2	014	2015		Total
Compounds at Issue (2)			,,,,		00													,10			 2010		10.01
ABT-594	\$ -	\$	0.3	\$	_	\$	_	\$	_	\$	_	\$	_	\$ -	\$	- \$	- \$	_	\$	-	\$; -	. \$	0.3
Subtotal	\$ -	\$	0.3	\$	-	\$	-	\$	-	\$	-		-	\$ -		- \$	- \$	-	\$	-	\$; -		0.3
Other Compounds	<u> </u>																						
ABT-518	\$ -	\$	-	\$	_	\$	_	\$	-	\$	-	\$	-	\$ -	\$	- \$	- \$	-	\$	_	\$; -	. \$	_
ABT-773	-		-		-		-		-		-		-	-		-	-	-		-	-		-
ABT-510	-		-		-		-		-		-		-	-		-	-	-		-			-
ABT-751	-		-		-		-		-		-		0.8	-		-	-	-		-	-		0.8
ABT-627	-		-		-		_		-		-		_	-		_	-	_		-			-
ABT-100	-		-		-		-		-		-		-	-		-	-	-		-			-
ABT-724	-		-		-		-		-		-		-	-		-	-	-		-			-
ABT-492	-		-		-		_		-		-		_	-		_	-	_		-			-
Subtotal	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.8	\$ -	\$	- \$	- \$	-	\$	-	\$; -	\$	0.8
	\$ -	\$	0.3	\$	-	\$	_	\$	-	\$	<u>-</u>	\$	0.8	\$ -	\$	- \$	- \$	-	\$		\$; <u>-</u>	\$	1.1
Expected Milestones Actual Program Compound	\$ -		0.3	\$		\$			007	\$			0.8	2010	\$ 2011			- 013		.014	2015		1.1
Actual																							
Actual Program Compound														2010							2015		
Actual Program Compound Compounds at Issue		20		200		20		20		20		20				2012	20		\$		\$ 2015	- \$	
Actual Program Compound Compounds at Issue ABT-594	2003	\$	004	200		20	06	\$	107	20	08	20	009	2010	2011	2012	- \$)13	\$	014	\$ 2015	\$	
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds	\$ - \$ -	\$	004	200		20	06	\$	107	20	08	20	009	2010	2011	2012	- \$)13	\$	014	\$ 2015	\$	
Actual Program Compound Compounds at Issue ABT-594 Subtotal	2003	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	009	\$ - \$ -	\$ \$	\$)13	\$	014	\$ 2015	\$	
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518	\$ - \$ -	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	009	\$ - \$ -	\$ \$	\$)13	\$	014	\$ 2015	\$	
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773	\$ - \$ -	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	009	\$ - \$ -	\$ \$	\$)13	\$	014	\$ 2015	\$	
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510	\$ - \$ -	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	- - - -	\$ - \$ -	\$ \$	\$)13	\$	014	\$ 2015	\$	
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751	\$ - \$ -	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	- - - -	\$ - \$ -	\$ \$	\$)13	\$	014	\$ 2015	\$	
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	- - - -	\$ - \$ -	\$ \$	\$)13	\$	014	\$ 2015	\$	Total
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	- - - -	\$ - \$ -	\$ \$	\$)13	\$	014	\$ 2015	\$	Total
Actual Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$	004	\$ \$		\$ \$	06	\$	107	\$	08	\$	- - - -	\$ - \$ -	\$ \$ \$)13	\$	014	\$ 2015	\$ \$	Total

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3A.17.

(2) Expected milestones are adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for all other compounds except ABT-594. For example, ABT-594 milestones for 2004 are calculated as 3.4 (expected milestones per Mr. Friedman; see Schedule 3A.17) x .07 (diminishment factor; see Schedule 3A.16).

Calculation of Expected Probability of Success Diminishment Factor Low Case

	Α	В	C = B / A	
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion	
at Issue	Projections (1)	Projections (2)	Factor	
ABT-594	17.00%	50.00%	2.94	
		Average	2.94	D
Other	Per Hancock 2001	Per Abbott 2005	Conversion	
Compounds	Projections (3)	Projections (1)	Factor	
ABT-518	10.00% (4)	0.00% (5)		
ABT-773	70.00% (4)	$0.00\%^{(5)}$	-	
ABT-510	30.00%	0.00%	-	
ABT-751	40.00%	8.00%	0.20	
ABT-627	70.00%	0.00%	-	
ABT-100	10.00%	0.00%	-	
ABT-724	10.00%	0.00%	-	
ABT-492	30.00%	0.00%		
		Average	0.03	E
Expec	ted Probability of Success	Diminishment Factor	0.07	$F = D \times E$

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

- Notes: (1) Unless noted otherwise, per Friedman Exhibit 5.3.
 - (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
 - (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."
 - (4) Unless noted otherwise, per NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518."
 - (5) ABT-518 and ABT-773 success probabilities have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Re-creation of Mr. Friedman's Expected Milestones Forecast Low Case

But For (1) Program Compound	2003	20	04	20	05	20	06	20	07	20	ns.	200	19	2010	2	011	20	12	20	13	2	2014		2015	5	Tot	a1
Compounds at Issue	2005		01		00		-		07		-		,,			011				10		.011		2010	_		-
ABT-594 (3)	¢.	¢.	2	¢.		¢.		¢.		œ.		¢.		œ.	¢.		œ.		œ.		ď.			¢.		•	•
Subtotal	\$ - \$ -	\$ \$	3 3	\$ \$	-	\$ \$		\$ \$	<u> </u>	\$ \$	<u> </u>	\$ \$		\$ ·	\$ \$		\$ \$	-	\$ \$	-	\$ \$			\$ \$	<u>-</u>	\$ \$	3
	-	- 	3	.		.				_ -	_	.	<u>-</u>	ъ .	_ -	-	Ф		.	-	Ф			Þ	<u>-</u>	.	
Other Compounds																											
ABT-518	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-		\$	-	\$	-
ABT-773	-		-		-		-		-		-		-			-		-		-		-			-		-
ABT-510	-		-		-		-		-		-		-			-		-		-		-			-		-
ABT-751	-		-		-		-		-		-		1			-		-		-		-			-		1
ABT-627	-		-		-		-		-		-		-			-		-		-		-			-		-
ABT-100	-		-		-		-		-		-		-			-		-		-		-			-		-
ABT-724	-		-		-		-		-		-		-			-		-		-		-			-		-
ABT-492			-		-		-		-		-		-			-		-		-		-			-		-
Subtotal	\$ -	\$	-	\$	-	\$		\$		\$		\$	1	\$ -	\$	-	\$	-	\$	•	\$	-		\$	Ξ	\$	1
														•			_							\$		\$	4
Expected Milestones	\$ -	\$	3	\$	-	\$	<u>-</u>	\$	<u>-</u>	\$		\$	1	\$ -	\$	-	\$	-	\$		\$		= =	3	_	J .	4
Actual ⁽²⁾ Program Compound	2003	\$ 20		\$ 20		\$ 20			07	200		200		2010		011	20:		20			2014	= =	2015		Tot	
Actual ⁽²⁾	_ <u>·</u>																										
Actual ⁽²⁾ Program Compound	_ <u>·</u>																										
Actual ⁽²⁾ Program Compound Compounds at Issue	_ <u>·</u>											200		2010													
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594	2003	\$				20	06	20		200	08	200		2010	\$		20:		20		\$			201 5		Tot	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal	2003	\$				20	06	20		200	08	200		2010	\$		20:		20		\$			201 5		Tot	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	08	\$		\$ \$	\$		20:		20		\$			201 5		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	08	\$		\$ \$	\$		20:		20		\$			201 5		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	08	\$		\$ \$	\$		20:		20		\$			201 5		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	08	\$	- - - -	\$ \$	\$		20:		20		\$			201 5		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	08	\$	- - - -	\$ \$	\$		20:		20		\$			201 5		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	08	\$	- - - -	\$ \$	\$		20:		20		\$			201 5		**************************************	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	08	\$	- - - -	\$ \$	\$		20:		20		\$			201 5		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$ \$				\$ \$	06	20		\$ \$	08	\$	- - - -	\$ \$ \$	\$		20:		20		\$			201 5		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-73 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724 ABT-492	\$ -	\$ \$ \$		\$ \$ \$		\$ \$ \$		\$ \$ \$		\$ \$ \$	- - - - - -	\$ \$ \$	- - - - 2 - -	\$			\$ \$ \$		\$ \$ \$		\$ \$	- - - - - - -		2015 \$ \$	- - - - - -	**************************************	2

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.6.

- (2) Unless noted otherwise, per Friedman Exhibit 4.7.
- (3) Assumes ABT-594 would be the first program compound to receive FDA approval. Amount is calculated as 20 x .17.
- (4) ABT-518 and ABT-773 milestones have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594

Calculation of Compound Launch Delay Low Case

Compounds	Per Abbott 2001	Per Abbott 2005	
Not At Issue	Projections	Projections (3)	Difference
ABT-518	2006 (1)	n/a	n/a
ABT-773	2004 (1)	n/a	n/a
ABT-510	2006 (2)	n/a	n/a
ABT-751	2006 (2)	2009	3
ABT-627	2004 (2)	n/a	n/a
ABT-100	2006 (2)	n/a	n/a
ABT-724	2007 (2)	n/a	n/a
ABT-492	2005 (2)	n/a	n/a
Expected Com	pound Launch Dela	y (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518

(2) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(3) Source: Friedman Exhibit 4.4

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Base Case Discounted At 10%

Dollars in Millions

	Lost oyalties_	Mil	Lost estone ements	Total
Mr. Friedman's Base Case	\$ 131.0	\$	(1.0)	\$ 130.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	 (122.4)		(0.3)	 (122.6)
	\$ 8.6	\$	(1.3)	\$ 7.4
Less: Adjustment to Reflect Delay in Launch Dates	 (1.9)			 (1.9)
	\$ 6.8	\$	(1.3)	\$ 5.5
Less: Adjustment to Reflect Appropriate Discount Rate	 (1.7)		0.4	 (1.3)
	\$ 5.1	\$	(0.9)	\$ 4.2

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 10%

	Annual	Royalty																											
	Sales	Rate	2003		2004		2005	200	6	20	007	2	2008	2	2009	2	2010	2	2011	2	2012	2	2013	2	2014	2	015	T	otal
ButFor (1)	Up to 400	8.50%	\$	- \$		\$	_	\$	-	\$	0.1	\$	0.3	\$	0.8	\$	1.6	\$	2.5	\$	5.7	\$	10.5	\$	12.8	\$	7.9	\$	42.2
	400-1000	4.00%		-	-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-	-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-	-		-		-		-		-		-		-		-		-		-		-		-		-
	Total		\$	- \$	-	\$	-	\$	-	\$	0.1	\$	0.3	\$	0.8	\$	1.6	\$	2.5	\$	5.7	\$	10.5	\$	12.8	\$	7.9	\$	42.2
Actual (1)	Up to 400	8.50%	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
	400-1000	4.00%		-	-		-		-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%		-	-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%			-	_	-		-		-		-		-		-		-		-		-		-		-		_
	Total		\$	- \$	<u>-</u>	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
I aat Danaltia	-		¢	đ		¢		ď		ď	0.1	ď	0.2	ď	0.5	ď	0.0	ď	11	ď	1.4	ď	1.4	\$	1.4	\$	1.4	ď	0.2
Lost Royalties			\$	- \$		\$	-	\$	-	Э	0.1	Þ	0.3	\$	0.5	Þ	0.8	Þ	1.1	Þ	1.4	Þ	1.4	Þ	1.4	Þ	1.4	\$	8.3
Discount Rate			_	1	1		1		1		1	_	0.91	_	0.83	_	0.75	_	0.68	_	0.62		0.56		0.51	_	0.47		
PV of Lost Ro	yalties		\$	<u>-</u> =	-	=		\$		\$	0.1	\$	0.2	\$	0.4	\$	0.6	\$	0.7	\$	0.8	\$	0.8	\$	0.7	\$	0.6	\$	5.1

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3B.2.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																										
	Sales	Rate	2003	2	004	20	05	2006	2	2007	2	.008	2	2009	2	010	2	011	2	2012	2	013	2	2014	2	015	T	otal
ButFor (1)	Up to 400	8.50%	\$ -	\$	-	\$	-	\$ -	\$	0.1	\$	0.3	\$	0.8	\$	1.6	\$	2.5	\$	5.7	\$	10.5	\$	12.8	\$	7.9	\$	42.2
	400-1000	4.00%	-		-		-	-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%	-		-		-	-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%	-		-		-	-		-		-		-		-		-		-		-		-		-		-
	Total		\$ -	\$	-	\$	-	\$ -	\$	0.1	\$	0.3	\$	0.8	\$	1.6	\$	2.5	\$	5.7	\$	10.5	\$	12.8	\$	7.9	\$	42.2
									- "																			
Actual (2)	Up to 400	8.50%	\$ -	\$	-	\$	-	\$ -	\$	-	\$	-	\$	0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
	400-1000	4.00%	-		-		-	-		-		-		-		-		-		-		-		-		-		-
	1000-2000	1.00%	-		-		-	-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%	-		-		-	-		-		-		-		-		-		-		-		-		-		-
	Total		\$ -	\$	-	\$	-	\$ -	\$	-	\$	-	\$	0.2	\$	0.8	\$	1.4	\$	4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
Lost Royaltie			\$ -	\$	-	\$	-	\$ -	\$	0.1	\$	0.3	\$	0.5	\$	0.8	\$	1.1	\$	1.4	\$	1.4	\$	1.4	\$	1.4	\$	8.3
Discount Rate	At 4.04% (3)		1		1		1	1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Ro	yalties		\$ -	\$	-	\$	-	\$ -	\$	0.1	\$	0.3	\$	0.5	\$	0.7	\$	0.9	\$	1.1	\$	1.1	\$	1.1	\$	1.0	\$	6.8
				_							_																	

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 3B.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 3B.6.

(3) Source: Friedman Exhibit 3.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales (1)

ABT-594 Nociceptive pain Global Nociceptive pain Global Nociceptive pain Global Subtoa	5 Total
ABT-594 Neuro Pain Global Nociceptive pain Global Nociceptive pain Global Subtoal Subt	
ABT-594 Nociceptive pain Global	2.0 \$ 12.4
Subtotal Subtotal	1.0 84.4
Reduction for 10 Year Royal Utinits Subtotal 5 5 5 5 5 5 5 5 6 5 6 5 16	0.2
Subtoal Subt	5.1 \$ 97.8
Other Compounds ABT-518 All Global \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	
ABT-518 ABI Global \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$ - \$	5.1 \$ 97.8
ABT-773 Tablet Global	
ABT-773 IV Global - - - - - - - - -	- \$ -
ABT-773	
ABT-510 Non-Sarcoma US	
ABT-510 Non-Sarcoma Ex-US	
ABT-751 All US 1.6 3.3 7.4 18.4 34.4 41.8 2 ABT-751 All Ex-US 1.2 5.7 9.4 32.8 72.9 93.0 5 ABT-627 Non PCA US 1.2 5.7 9.4 32.8 72.9 93.0 5 ABT-627 Non PCA Ex-US	
ABT-751 All Ex-US 1.2 5.7 9.4 32.8 72.9 93.0 5.5 ABT-627 Non PCA US 1.2 5.7 9.4 32.8 72.9 93.0 5.5 ABT-627 Non PCA Ex-US	
ABT-627 Non PCA US	1.2 131.0
ABT-627 Non PCA Ex-US	2.8 267.8
ABT-627 HRPCA US	
ABT-627 HRPCA Ex-US	
ABT-627 Japan Ex-US	
ABT-627 Ph IV Studies US	
ABT-627 Ph IV Studies Ex-US	
ABT-100 All Global	
ABT-724 All Global	
ABT-492 All Global <u></u>	
Subtotal S - S - S - S - S - S - S - S - S - S	
54Dtotal	7.0 \$ 398.9
Expected But-For Net Sales \$ - \$ - \$ - \$ 0.8 \$ 3.2 \$ 9.2 \$ 18.4 \$ 29.6 \$ 67.2 \$ 124.0 \$ 151.1 \$ 9	3.1 \$ 496.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3B.5.

(2) Expected sales have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-594, calculated in Schedule 3B.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																										
	Sales	Rate	2003	2004	20	005	2	2006	2	007	2	2008	:	2009	2	2010	2	011	2	2012	2	2013	2	2014	2	2015	T	otal
ButFor (1)	Up to 400 400-1000	8.50% 4.00%	\$ -	\$ 0.1	\$	0.3	\$	0.5	\$	0.8	\$	1.1	\$	1.6	\$	2.2	\$	2.8	\$	5.7	\$	10.5	\$	11.5	\$	6.5 -	\$	43.6
	1000-2000	1.00%	-	-		-		-		-		-		-		-		-		-		-		-		-		-
	>2000	0.50%		-		-				-		-		-		-				-		-		-				
	Total		\$ -	\$ 0.1	\$	0.3	\$	0.5	\$	0.8	\$	1.1	\$	1.6	\$	2.2	\$	2.8	\$	5.7	\$	10.5	\$	11.5	\$	6.5	\$	43.6
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	-	\$ - - - -	\$	- - - -	\$	- - - - -	\$	- - - -	\$ \$	- - - - -	\$ \$	0.2	\$	0.8	\$ \$	1.4 - - - - 1.4	\$ \$	4.4	\$ \$	9.1 - - - - 9.1	\$ \$	11.5 - - - - 11.5	\$ \$	6.5 - - - - - 6.5	\$	33.9
Lost Royalties Discount Rate			\$ - 1	\$ 0.1 1	\$	0.3 1	\$	0.5 1	\$	0.8 1	\$	1.1 0.96	\$	1.4 0.92	\$	1.4 0.89	\$	1.4 0.85	\$	1.4 0.82	\$	1.4 0.79	\$	0.76	\$	0.73	\$	9.7
PV of Lost Roy	yalties		\$ -	\$ 0.1	\$	0.3	\$	0.5	\$	0.8	\$	1.0	\$	1.3	\$	1.3	\$	1.2	\$	1.1	\$	1.1	\$		\$		\$	8.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 3B.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 3B.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales

Program Compound	Indication	Region	200	3	200	4	20	005	20	006	20	007	2	008	_ :	2009	2	2010	2	2011	2	2012	2013	2	2014	2	015	T	Total
Compounds at Issue (1)	_																												
ABT-594	Chron. Perc. Pain	Global	\$	- 1	\$	0.1	\$	0.4	\$	0.7	\$	1.2	\$	1.7	\$	2.1	\$	2.2	\$	2.1	\$	2.0	\$ 1.9	\$	1.9	\$	1.8	\$	18.0
ABT-594	Neuro Pain	Global		-		0.6		2.8		5.6		8.2		11.0		13.8		14.3		14.1		14.0	13.8		13.6		13.0		124.8
ABT-594	Nociceptive pain	Global		-		-		0.0		0.0		0.1		0.1		0.1		0.2		0.2		0.2	0.2		0.2		0.2		1.4
Subtotal			\$	-	\$	0.8	\$	3.2	\$	6.3	\$	9.4	\$	12.8	\$	16.0	\$	16.7	\$	16.4	\$	16.1	\$ 15.9	\$	15.7	\$	15.0	\$	144.3
Reduction for 10 Year R	oyalty Limit																								15.7		15.0		30.6
Subtotal			\$	- :	\$	0.8	\$	3.2	\$	6.3	\$	9.4	\$	12.8	\$	16.0	\$	16.7	\$	16.4	\$	16.1	\$ 15.9	\$		\$		\$	113.7
Other Compounds (2)																													
ABT-518 (3)	All	Global	\$	- 1	\$	_	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	_	\$ _	\$	-	\$	_	\$	_
ABT-773 (3)	Tablet	Global		-		_		-		-		-		_		_		_		_		_	-		-		_		_
ABT-773 (3)	IV	Global		-		_		_		-		-		_		_		_		_		_	_		_		_		_
ABT-773 (3)	Japan	Global		-		_		_		-		-		_		_		_		_		_	_		_		_		_
ABT-510	Non-Sarcoma	US		_		_		_		_		_		_		_		_		_		_	_		_		_		_
ABT-510	Non-Sarcoma	Ex-US		_		_		_		_		_		-		_		_		_		_	_		-		_		_
ABT-751	All	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4	34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8	72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-	-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-	-		-		-		-
Subtotal			\$	- :	\$	-	\$	-	\$	-	\$	-	\$	-	\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$ 107.3	\$	134.7	\$	77.0	\$	398.9
Expected But-For Net Sale	es		\$	<u>-</u>	\$	0.8	\$	3.2	\$	6.3	\$	9.4	\$	12.8	\$	18.9	\$	25.7	\$	33.2	\$	67.3	\$ 123.2	\$	134.7	\$	77.0	\$	512.5

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to original expected sales for all other compounds except for ABT-594. For example, ABT-594 sales for 2011 are calculated as 249.3 (expected sales per Mr. Friedman; see Schedule 3B.9) x .07 (diminishment factor; see Schedule 3B.7).

(2) Unless noted otherwise, per Schedule 3B.6.

(3) ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Actual Sales (1)

Program Compound	Indication	Region	200	03	200	4	200	05	20	06	20	07	200	08	20	009	20	10	20	11	2	012	2	013	2	014	20	015	T	otal
Compounds at Issue	_																													
ABT-594	Chron. Perc. Pain	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	Neuro Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reduction for 10 Year Ro	yalty Limit																													
Subtotal			\$		\$		\$	-	\$		\$		\$	-	\$	-	\$		\$	-	\$	-	\$		\$	-	\$		\$	
Other Compounds	_																													
ABT-518 (2)	All	Global	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-773 (2)	Tablet	Global		_		-		-		_		_		-		_		_		_		-		-		_		_		-
ABT-773 (2)	IV	Global		-		_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-773 (2)	Japan	Global		-		_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	US		-		-		_		_		_		_		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4		34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8		72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$		\$		\$	-	\$		\$		\$		\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$	134.7	\$	77.0	\$	398.9
Expected Actual Net Sales			\$		\$		\$	-	\$		\$		\$		\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$	134.7	\$	77.0	\$	398.9

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Calculation of Expected Sales Diminishment Factor Base Case

Expected Sales for Compound ABT-594

Per Abbott 2001 Projections (1) 1,728 A

Per Hancock 2001 Projections (2) 2,231 B

$$1.29 C = B/A$$

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections (3)	7,829	D
Per Abbott 2005 Projections (3)	399	E
	0.05	F = E/D
Expected Sales Diminishment Factor	0.07	$G = C \times I$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Friedman Exhibit 3.4.

- (2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound For Compounds ABT 773, ABT 594 and ABT 518 -ABT 594".
- (3) Source: Schedule 3B.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case

Program Compound	Indication	Region	Yea	ar 1	Yea	r 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 1	13	Total
Per Abbott 2005 Projections (1)	_																		
ABT-518 (2)	All	Global	\$	-	\$	_	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	- \$	-
ABT-773 (2)	Tablet	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-773 (2)	IV	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-773 (2)	Japan	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-510	Non-Sarcoma	US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-510	Non-Sarcoma	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-751	All	US		1.6		3.3	7.4	18.4	34.4	41.8	24.2								131.0
ABT-751	All	Ex-US		1.2		5.7	9.4	32.8	72.9	93.0	52.8								267.8
ABT-627	Non PCA	US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	Non PCA	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	HRPCA	US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	HRPCA	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	Japan	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	Ph IV Studies	US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	Ph IV Studies	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-100	All	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-724	All	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-492	All	Global		-		-			-	-	-		-	-	-	-			
Subtotal			\$	2.9	\$	9.0	\$ 16.8	\$ 51.2	\$ 107.3	\$ 134.7	\$ 77.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$	- \$	398.9
Per Hancock 2001 Projections	_																		
ABT-518 (4)			\$	1.9	\$	5.0	\$ 11.5	\$ 19.2	\$ 30.7	\$ 34.6	\$ 38.4							\$	3 141.3
ABT-773 (4)				27.6	. 5	71.8	165.6	276.0	441.6	496.8	552.0	552.0	552.0						3,135.4
ABT-510				5.7		14.8	34.1	56.8	90.9										202.2
ABT-751				10.2	2	26.5	61.2	102.0	163.2	183.6	204.0								750.7
ABT-627				24.4		63.3	146.2	243.6	389.8	438.5	487.2	487.2	487.2						2,767.3
ABT-100				1.9		5.0	11.5	19.2	30.7	34.6	38.4								141.3
ABT-724				2.2		5.7	13.2	22.0	35.2	39.6									117.9
ABT-492				6.1	1	15.9	36.7	61.2	97.9	110.2	122.4	122.4							572.8
Subtotal			\$	80.0	\$ 20	08.0	\$ 480.0	\$ 800.0	\$ 1,280.0	\$ 1,337.8	\$ 1,442.4	\$1,161.6	\$ 1,039.2	\$ -	\$ -	\$ -	\$	- \$	7,829.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

- (2) ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594
- $(3) \quad \text{Unless noted otherwise, per NCI Schedule "Expected Sales Based on Hancock Model By Compound"}.$
- (4) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound"

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	20	03	20	04	20	005	20	06	200	7	20	800	2	2009	2	010	2	011	2	012	2	2013	2	014	20	015		Total
Compounds at Issue	<u></u>																													
ABT-594	Chron. Perc. Pain	Global	\$	-	\$	2	\$	6	\$	11	\$	18	\$	25	\$	32	\$	33	\$	32	\$	30	\$	29	\$	29	\$	27	\$	274
ABT-594	Neuro Pain	Global		-		10		43		84	1	124		167		209		218		215		213		210		207		198		1,898
ABT-594	Nociceptive pain	Global		-		-		0		1		1		2		2		2		3		3		3		3		2		21
Subtotal			\$	-	\$	12	\$	49	\$	96	\$ 1	143	\$	194	\$	244	\$	253	\$	249	\$	245	\$	242	\$	238	\$	227	\$ 2	2,193.8
Reduction for 10 Year Ro	oyalty Limit (2)																									238		227		466
Subtotal			\$		\$	12	\$	49	\$	96	\$ 1	143	\$	194	\$	244	\$	253	\$	249	\$	245	\$	242	\$	-	\$		\$	1,728
Other Compounds	_																													
ABT-518 (3)	All	Global	\$	_	\$	-	\$	_	\$	_	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-773 (3)	Tablet	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	IV	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-773 (3)	Japan	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	US		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	Ex-US		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-751	All	US		-		-		-		-		-		-		2		3		7		18		34		42		24		131
ABT-751	All	Ex-US		-		-		-		-		-		-		1		6		9		33		73		93		53		268
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$	399
Expected But-For Net Sale	es		\$	_	\$	12	\$	49	\$	96	\$ 1	143	\$	194	\$	247	\$	262	\$	266	\$	297	\$	349	\$	135	\$	77	\$	2,127

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) Source: Friedman Exhibit 3.2.

⁽³⁾ ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	2003	2	004	200)5	2000	6	200	7	200	08	20	09	20	10	20	11	20)12	2	013	 2014	20	015	7	Total
Compounds at Issue	_																											
ABT-594	Chron. Perc. Pair	n Global	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$	_
ABT-594	Neuro Pain	Global		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-594	Nociceptive pair	Global		-	-		-		-		-		-		-		-		-		-		-	-		-		-
Subtotal			\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	-	\$	-
Reduction for 10 Year Ro	oyalty Limit (2)																											-
Subtotal			\$	- \$	-	\$	-	\$	_	\$		\$		\$	-	\$		\$	-	\$	-	\$	-	\$ -	\$	-	\$	
Other Compounds																												
ABT-518 (3)	All	Global	\$	- \$	_	\$	_	\$	_	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$ _	\$	_	\$	_
ABT-773 (3)	Tablet	Global		_	_		_		_		_		_		_		_		_		_		_	_		_		_
ABT-773 (3)	IV	Global		_	_		_		_		_		_		_		_		_		_		_	_		_		_
ABT-773 (3)	Japan	Global		_	_		_		_		_		_		_		_		_		_		_	_		_		_
ABT-510	Non-Sarcoma	US		_	_		_		_		_		_		_		_		_		_		_	_		_		_
ABT-510	Non-Sarcoma	Ex-US		_	_		_		_		_		_		_		_		_		_		_	_		_		_
ABT-751	All	US		-	-		-		-		-		-		2		3		7		18		34	42		24		131
ABT-751	All	Ex-US		-	-		-		-		-		-		1		6		9		33		73	93		53		268
ABT-627	Non PCA	US		-	-		-		-		-		-		-		-		-		-		-	-		-		_
ABT-627	Non PCA	Ex-US		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-627	HRPCA	US		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-627	HRPCA	Ex-US		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-627	Japan	Ex-US		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-627	Ph IV Studies	US		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-627	Ph IV Studies	Ex-US		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-100	All	Global		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-724	All	Global		-	-		-		-		-		-		-		-		-		-		-	-		-		-
ABT-492	All	Global		-			-		-		-		-		_		_		_					 		_		
Subtotal			\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	3	\$	9	\$	17	\$	51	\$	107	\$ 135	\$	77	\$	399
Expected Net Sales (But Fo	or)		\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	3	\$	9	\$	17	\$	51	\$	107	\$ 135	\$	77	\$	399

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) Source: Friedman Exhibit 3.2.

⁽³⁾ ABT-518 and ABT-773 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 10%

	200	03	20	04	20	05	200	6	20	007	2	2008	2	2009	2	010	2	2011	2	012	2	013	2	2014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	2.5	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	6.6
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$	_	\$		\$		\$	_	\$	2.5	\$		\$	(4.1)	\$	-	\$	-	\$		\$	-	\$		\$		\$	(1.6)
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$	_	\$	-	\$	2.5	\$	-	\$	(3.4)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	(0.9)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3B.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	200	03	20	04	20	005	200	06	2	007	2	2008	2	2009	2	010	2	2011	2	2012	2	2013	2	014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	2.5	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	6.6
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$	-	\$	_	\$		\$		\$	2.5	\$		\$	(4.1)	\$		\$		\$		\$		\$		\$		\$	(1.6)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	2.5	\$	-	\$	(3.8)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(1.3)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 3B.13.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

But For	_																						
Program Compound	2003	2004	4 20	05	200	06	20	007	20	08	20	09	2010	2011	2012	2	013	20)14	20	15	To	tal
Compounds at Issue (2)																							
ABT-594	\$ -	\$	- \$	-	\$	-	\$	2.5	\$	-	\$	-	\$ -	\$	- \$	- \$	-	\$	-	\$	-	\$	2.5
Subtotal	\$ -	\$	- \$		\$	_	\$	2.5	\$	-	\$		\$ -	\$	- \$	- \$	-	\$	-	\$	-	\$	2.5
Other Compounds																							
ABT-518	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	- \$	- \$	-	\$	-	\$	-	\$	-
ABT-773	-		-	-		-		-		-		-	-		-	-	-		-		-		-
ABT-510	-		-	-		-		-		-		-	-		-	-	-		-		-		-
ABT-751	-		-	-		-		-		-		4.1	-		-	-	-		-		-		4.1
ABT-627	-		-	-		-		-		-		-	-		-	-	-		-		-		-
ABT-100	-		-	-		-		-		-		-	-		-	-	-		-		-		-
ABT-724	-		-	-		-		-		-		-	-		-	-	-		-		-		-
ABT-492			-												-	-	-		-		-		-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	4.1	\$ -	\$	- \$	- \$	-	\$	-	\$	-	\$	4.1
Expected Milestones	\$ -	\$	- \$	_	\$	-	\$	2.5	\$	-	\$	4.1	\$ -	\$	- \$	- \$	-	\$	-	\$	_	\$	6.6
Actual Program Compound	2003	2004	4 20	O.E.																			
Compounds at Issue			1 20	05	200)6	20	007	20	08	20	09	2010	2011	2012	2	013	20	014	20	15	To	tal
•			4 20	05	200	06	20	007	20	08	20	09	2010	2011	2012	2	013	20	014	20	15	To	otal
ABT-594	\$ -	\$	- \$	-	\$	- -	\$	-	\$	-	\$	09 -	2010 \$ -	\$	- \$	- \$	013	\$	-	\$	15	**************************************	otal -
	\$ - \$ -			- -		- -			_			-		\$)14 - -		15 - -	_	- -
ABT-594	\$ - \$ -	\$	- \$	<u>-</u>	\$		\$		\$		\$	09 - -	\$ -	\$	- \$	- \$	-	\$	=	\$	_	\$	otal - -
ABT-594 Subtotal	\$ - \$ -	\$	- \$		\$		\$		\$		\$		\$ -	\$	- \$	- \$	-	\$	=	\$	_	\$	- - -
ABT-594 Subtotal Other Compounds		\$ \$	- \$ - \$	- - -	\$ \$		\$		\$ \$		\$ \$	- - -	\$ - \$ -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- -
ABT-594 Subtotal Other Compounds ABT-518		\$ \$	- \$ - \$	- - -	\$ \$		\$		\$ \$		\$ \$	- - - -	\$ - \$ -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- - - -
ABT-594 Subtotal Other Compounds ABT-518 ABT-773		\$ \$	- \$ - \$	- - -	\$ \$		\$		\$ \$		\$ \$	- - - - 8.2	\$ - \$ -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- - - - 8.2
ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510		\$ \$	- \$ - \$	- - - - -	\$ \$		\$		\$ \$		\$ \$	- - -	\$ - \$ -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- -
ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751		\$ \$	- \$ - \$	- - - - - -	\$ \$		\$		\$ \$		\$ \$	- - -	\$ - \$ -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- -
ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627		\$ \$	- \$ - \$	- - - - - - -	\$ \$		\$		\$ \$		\$ \$	- - -	\$ - \$ -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- -
ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100		\$ \$	- \$ - \$	- - - - - - -	\$ \$		\$		\$ \$		\$ \$	- - - 8.2 - -	\$ - \$ - - - -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- - - - 8.2 - -
ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724		\$ \$	- \$ - \$		\$ \$		\$		\$ \$		\$ \$	- - -	\$ - \$ -	\$ \$	- \$ - \$	- \$ - \$	-	\$	=	\$ \$	_	\$ \$	- - - 8.2 -

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3B.15.

(2) Expected milestones have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-594, calculated in Schedule 3B.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	20	03	2	004	20	005	200	06	200	7	2	2008	2	2009	2	010	2	2011	2	2012	2	2013	2	014	2	2015	Т	otal
ButFor (1)	\$	-	\$	2.5	\$	-	\$	-	\$	-	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	6.6
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$	_	\$	2.5	\$		\$	_	\$	_	\$	_	\$	(4.1)	\$	-	\$		\$		\$		\$		\$		\$	(1.6)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	2.5	\$	-	\$	_	\$	_	\$	-	\$	(3.8)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(1.3)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 3B.15.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

Program Compound	2003	2	004	2005	20	06	20	07	200	08	20	09	2010	201	<u> </u>	2012	20	013	2	014	2	2015	T	otal
Compounds at Issue (2)																								
ABT-594	\$ -	\$	2.5	\$ -	\$	-	\$	-	\$	-	\$	-	\$	\$	- \$	-	\$	-	\$	-	\$	-	\$	2.5
Subtotal	\$ -	\$	2.5	\$ -	\$	-	\$	-	\$	-	\$	-	\$	· \$	- \$	-	\$	-	\$	-	\$	-	\$	2.5
Other Compounds																								
ABT-518	\$ -	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$	\$	- \$	-	\$	-	\$	-	\$	-	\$	-
ABT-773	-		-	-		-		-		-		-			-	-		-		-		-		-
ABT-510	-		-	-		-		-		-		-			_	-		-		-		-		-
ABT-751	-		-	-		-		-		-		4.1			-	-		-		-		-		4.1
ABT-627	-		-	-		-		-		-		-			_	-		-		-		-		-
ABT-100	-		-	-		-		-		-		-			_	-		-		-		-		-
ABT-724	-		-	-		-		-		-		-			-	-		-		-		-		-
ABT-492	-		-	-		-		-		-		-			-	-		-		-		-		-
Subtotal	\$ -	\$	-	\$ -	\$	-	\$	-	\$	-	\$	4.1	\$	\$	- \$	-	\$	-	\$	-	\$	-	\$	4.1
Expected Milestones	s -	\$	2.5	\$ -	\$	_	\$	_	\$	_	\$	4.1	\$	· \$	- \$	_	\$	_	\$	_	\$	_	\$	6.6
Actual																								
	2003	2	2004	2005	20	06	20	07	200	08	20	09	2010	201	ı	2012	20	013	2	014	2	2015	Т	otal
Program Compound	2003	2	2004	2005	20	06	20	07	200	08	20	09	2010	201	1	2012	20	013	2	014	2	2015	Т	otal
Program Compound	2003	\$		2005	20	-	20	07	200	08	\$	09	\$	- \$	ı - \$	2012	\$	013	\$	014	\$	2015		otal -
Program Compound Compounds at Issue	\$ - \$ -	\$	2004 - -					07		08		09	\$			2012 - -	\$	013 - -		014		-		otal -
Program Compound Compounds at Issue ABT-594 Subtotal	\$ -	\$	2004 - -	\$ -	\$	-	\$	07	\$		\$	-	\$	- \$	- \$	-	\$	-	\$	-	\$	-	\$	otal -
Program Compound Compounds at Issue ABT-594 Subtotal	\$ -	\$		\$ -	\$	-	\$		\$		\$	-	\$	- \$	- \$	-	\$	-	\$	-	\$	-	\$	otal
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds	\$ - \$ -	\$	- - -	\$ - \$ -	\$ \$	-	\$ \$	07 	\$ \$		\$ \$	-	\$	\$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	otal
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518	\$ - \$ -	\$	- - - -	\$ - \$ -	\$ \$	-	\$ \$	- - - -	\$ \$		\$ \$	-	\$	\$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - -
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773	\$ - \$ -	\$	- - - - -	\$ - \$ -	\$ \$	-	\$ \$	- - - - -	\$ \$		\$ \$	-	\$	\$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - - - 8.2
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510	\$ - \$ -	\$	- - - - - -	\$ - \$ -	\$ \$	-	\$ \$	- - - - - -	\$ \$		\$ \$	- - - -	\$	\$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - -
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751	\$ - \$ -	\$	- - - - - - - -	\$ - \$ -	\$	-	\$ \$	- - - - - - -	\$ \$		\$ \$	- - - -	\$	\$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - -
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$	- - - - - - -	\$ - \$ -	\$	-	\$ \$		\$ \$		\$ \$	- - - -	\$	\$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - -
Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$		\$ - \$ -	\$	-	\$ \$		\$ \$		\$ \$	- - - -	\$	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - -
Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$	- - - - - - - -	\$ \$		\$ \$	8.2	\$ \$	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	- \$ - \$	-	\$ \$	-	\$ \$	-	\$ \$	-	\$ \$	- - - -

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 3B.17.

(2) Expected milestones are adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for all other compounds except ABT-594. For example, ABT-594 milestones for 2004 are calculated as 6.3 (expected milestones per Mr. Friedman; see Schedule 3B.17) x.4 (diminishment factor; see Schedule 3B.16).

Calculation of Expected Probability of Success Diminishment Factor Base Case

	Α	В	C = B / A	
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion	
at Issue	Projections (1)	Projections (2)	Factor	
ABT-594	16.00%	50.00%	3.13	
		Average	3.13	D
Other	Per Hancock 2001	Per Abbott 2005	Conversion	
Compounds	Projections (3)	Projections (1)	Factor	
ABT-518	10.00% (4)	0.00% (5)	-	
ABT-773	70.00% (4)	$0.00\%^{(5)}$	-	
ABT-510	30.00%	0.00%	-	
ABT-751	40.00%	41.00%	1.03	
ABT-627	70.00%	0.00%	-	
ABT-100	10.00%	0.00%	-	
ABT-724	10.00%	0.00%	-	
ABT-492	30.00%	0.00%		
		Average	0.13	E
Expec	ted Probability of Success	Diminishment Factor	0.40	$F = D \times E$

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

- Notes: (1) Unless noted otherwise, per Friedman Exhibit 5.2.
 - (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
 - (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."
 - (4) Unless noted otherwise, per NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518."
 - (5) ABT-518 and ABT-773 success probabilities have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594.

Re-creation of Mr. Friedman's Expected Milestones Forecast Base Case

But For (1) Program Compound	20	03	20	04	2005	20	006	20	007	20	08	200	09	2010		2011	20	12	20	13	20	014	20)15	To	tal
Compounds at Issue									-												_					
ABT-594 ⁽³⁾	\$	_	\$	6	\$	- \$	_	\$	_	\$	_	\$	_	\$	- \$	s -	\$	_	\$	_	\$	_	\$	_	\$	6
Subtotal	\$	-	\$		_	- \$	-	\$	-	\$	-	\$	-		- \$		\$	-	\$	-	\$	-	\$	-	_	6
Other Compounds																										
ABT-518	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-773		-		-		-	-		-		-		-		-	-		-		-		-		-		-
ABT-510		-		-		-	-		-		-		-		-	-		-		-		-		-		-
ABT-751		-		-		-	-		-		-		4		-	-		-		-		-		-		4
ABT-627		_		_		-	-		_		_		-		_	-		-		_		_		-		-
ABT-100		-		-		-	-		-		-		-		-	-		-		-		-		-		-
ABT-724		_		_		-	-		_		_		-		_	-		-		_		_		-		-
ABT-492		-		-		_	-		_		-		-		_	_		-		-		-		-		-
Subtotal	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	4	\$	- \$	5 -	\$	-	\$	-	\$	-	\$	-	\$	4
Expected Milestones	\$	_	\$	6	\$	- \$	-	\$	_	\$	-	\$	4	\$	- 9	s -	\$	-	\$	_	\$	-	\$	-	\$	10
	Ψ		Ψ		Ψ	<u> </u>																				
Actual (2)	200		20		2005	· ·	006		007	20	108	200	09	2010		2011	20	12	20	13)14	20)15	To	otal
Actual ⁽²⁾ Program Compound Compounds at Issue	<u></u>					· ·	006		007		008	200	09	2010		2011	20	12	20	13		014	20)15	To	otal
Actual ⁽²⁾ Program Compound	<u></u>					· ·	006		007		108	200	09	2010	- \$	2011	20	12	20	13		014)15	To	tal _
Actual ⁽²⁾ Program Compound Compounds at Issue	<u></u>				2005		006		007	20	108		09 -	\$	- \$ - \$	ş -		12 - -	20 \$ \$	13)14 - -	\$)15 - -	**************************************	otal - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594	<u></u>		20		2005	- \$	006 - -	20		20	-	\$	_	\$	- \$ - \$	ş -	\$	12 - -	\$	13	20)14 - -	\$)15 - -	\$	otal - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal	<u></u>		20		2005	- \$		20	007	20	-	\$	_	\$	- <u>\$</u>	ş -	\$	12 - -	\$	13	20)14 	\$)15 - -	\$	otal - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds	\$ \$		\$ \$		\$ \$			20		\$	-	\$	_	\$	- \$ - \$	ş -	\$ \$	- - -	\$ \$	13	20	014 - - -	\$ \$)15 - - -	\$	otal
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773	\$ \$		\$ \$		\$ \$			20		\$	-	\$	_	\$	- \$	ş -	\$ \$	- - -	\$ \$	- - -	20	- - - -	\$ \$	- - - -	\$	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518	\$ \$		\$ \$		\$ \$			20		\$	-	\$	_	\$	- \$	ş -	\$ \$	- - -	\$ \$	- - -	20	- - - -	\$ \$	- - - - -	\$	8
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510	\$ \$		\$ \$		\$ \$			20	- - - - -	\$	-	\$	- - - -	\$	- \$ - \$ 	ş -	\$ \$	- - - -	\$ \$		20	- - - - -	\$ \$	- - - - - -	\$	- - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751	\$ \$		\$ \$		\$ \$		- - - - - -	20	- - - - - -	\$	-	\$	- - - -	\$	- \$	ş -	\$ \$	- - - - -	\$ \$		20	- - - - - - -	\$ \$		\$	- - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627	\$ \$		\$ \$		\$ \$			20	- - - - - - -	\$	-	\$	- - - -	\$	- \$ - \$	ş -	\$ \$	- - - - - -	\$ \$		20	- - - - - -	\$ \$	- - - - - -	\$	- - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100	\$ \$		\$ \$		\$ \$		- - - - - -	20		\$	-	\$	- - - -	\$	- \$	ş -	\$ \$		\$ \$		20	- - - - - - -	\$ \$		\$	- - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-594 Subtotal Other Compounds ABT-518 ABT-773 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ \$		\$ \$		2005 \$ \$			20	- - - - - - - - -	\$	-	\$	- - - -	\$ \$	- 4	6	\$ \$	- - - - - - - -	\$ \$		20	- - - - - - - - -	\$ \$		\$	- - -

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.6.

- (2) Unless noted otherwise, per Friedman Exhibit 3.7.
- (3) Assumes ABT-518 would be the first program compound to receive FDA approval. Amount is calculated as 20 x .315.
- (4) ABT-518 and ABT-773 milestones have been reduced to zero to illustrate damage calculations for the individual compound, ABT-594

Calculation of Compound Launch Delay Base Case

Compounds	Per Abbott 2001	Per Abbott 2005	
Not At Issue	Projections	Projections (3)	Difference
ABT-518	2006 (1)	n/a	n/a
ABT-773	2004 (1)	n/a	n/a
ABT-510	2006 (2)	n/a	n/a
ABT-751	2006 (2)	2009	3
ABT-627	2004 (2)	n/a	n/a
ABT-100	2006 (2)	n/a	n/a
ABT-724	2007 (2)	n/a	n/a
ABT-492	2005 (2)	n/a	n/a
Expected Com	pound Launch Dela	y (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-594 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518

(2) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(3) Source: Friedman Exhibit 3.4

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Low Case Discounted At 10%

Dollars in Millions

	Lost oyalties	Mi	Lost lestone yments	Total
Mr. Friedman's Low Case	\$ 181.0	\$	14.0	\$ 195.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	 (179.3)		(14.4)	 (193.7)
	\$ 1.7	\$	(0.4)	\$ 1.3
Less: Adjustment to Reflect Delay in Launch Dates	 (0.2)			 (0.2)
	\$ 1.5	\$	(0.4)	\$ 1.1
Less: Adjustment to Reflect Appropriate Discount Rate	 (0.3)		0.1	 (0.2)
	\$ 1.2	\$	(0.3)	\$ 0.9

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 10%

	Annual	Royalty																									
	Sales	Rate	2003		2004	2	005	2	2006	2	007	2	2008	 2009	2	2010	2	2011	 2012	2	013	2	014	2	2015	T	otal
ButFor (1)	Up to 400	8.50%	\$	- \$	_	\$	_	\$	0.0	\$	0.1	\$	0.1	\$ 0.2	\$	0.3	\$	0.4	\$ 0.7	\$	1.2	\$	1.4	\$	0.9	\$	5.2
	400-1000	4.00%		-	-		-		-		-		-	-		-		-	-		-		-		-		-
	1000-2000	1.00%		-	-		-		-		-		-	-		-		-	-		-		-		-		-
	>2000	0.50%		-	-		-		-		-		-	-		-		-	-		-		-		-		-
	Total		\$	- \$	-	\$	-	\$	0.0	\$	0.1	\$	0.1	\$ 0.2	\$	0.3	\$	0.4	\$ 0.7	\$	1.2	\$	1.4	\$	0.9	\$	5.2
Actual (1)	Up to 400	8.50%	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$ 0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
	400-1000	4.00%		-	-		-		-		-		-	-		-		-	-		-		-		-		-
	1000-2000	1.00%		-	-		-		-		-		-	-		-		-	-		-		-		-		-
	>2000	0.50%			-		-		-		-		-	 -		-		-	 -		-		-		-		_
	Total		\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$ 0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
Lost Royalties			\$	- \$	-	\$	-	\$	0.0	\$	0.1	\$	0.1	\$ 0.2	\$	0.2	\$	0.3	\$ 0.3	\$	0.3	\$	0.2	\$	0.2	\$	1.8
Discount Rate				1	1		1		1		1		0.91	 0.83		0.75		0.68	 0.62		0.56		0.51		0.47		
PV of Lost Ro	yalties		\$	<u>-</u> \$	-	\$	-	\$	0.0	\$	0.1	\$	0.1	\$ 0.1	\$	0.2	\$	0.2	\$ 0.2	\$	0.1	\$	0.1	\$	0.1	\$	1.2

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4A.2.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																										
	Sales	Rate	2003	200)4	2005		2006	2	007	2	800	2	2009	2	2010	2	011	2	2012	2	013	2	014	2	015	T	otal
ButFor (1)	Up to 400 400-1000 1000-2000 >2000	8.50% 4.00% 1.00% 0.50%	\$ -	\$	-	\$ - - -	\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.3	\$	0.4	\$	0.7	\$	1.2	\$	1.4	\$	0.9	\$	5.2
	Total	0.0070	\$ -	\$	_	\$ -	\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.3	\$	0.4	\$	0.7	\$	1.2	\$	1.4	\$	0.9	\$	5.2
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$ - - - - \$ -	\$	- - - - -	\$ - - - - \$ -	\$ \$	- - - - -	\$	- - - -	\$	- - - - -	\$	0.0	\$ \$	0.1	\$ \$	0.1	\$ \$	0.4	\$	0.9	\$ \$	1.1	\$	0.6	\$ \$	3.3
Lost Royalties Discount Rate A			\$ -	\$	1	\$ - 1	\$	0.0 1	\$	0.1 1	\$	0.1 0.96	\$	0.2 0.92	\$	0.2 0.89	\$	0.3 0.85	\$	0.3 0.82	\$	0.3 0.79	\$	0.2 0.76	\$	0.2 0.73	\$	1.8
PV of Lost Roya	alties		\$ -	\$		\$ -	\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	0.2	\$	1.5

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 4A.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 4A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales (1)

Program Compound	Indication	Region	200	3	2004	4	200	05	20	006	20	007	2	008	2	2009	20	010	2	011	2	012	2	2013	2	014	20	015	T	Total
Compounds At Issue (2)	_																													
ABT-773	Tablet	Global							\$	0.1	\$	0.7	\$	1.2	\$	1.7	\$	2.2	\$	2.6	\$	2.6	\$	2.6	\$	2.5	\$	2.4	\$	18.6
ABT-773	IV	Global								-		-		0.1		0.1		0.2		0.2		0.3		0.3		0.3		0.3		1.6
ABT-773	Japan	Global								-		-		0.0		0.1		0.1		0.2		0.2		0.2		0.2		0.2		1.1
Subtotal			\$	-	\$	-	\$	-	\$	0.1	\$	0.7	\$	1.3	\$	1.9	\$	2.5	\$	3.0	\$	3.1	\$	3.0	\$	2.9	\$	2.8	\$	21.4
Reduction for 10 Year Ro	yalty Limit																													-
Subtotal			\$	<u>-</u> .	\$		\$		\$	0.1	\$	0.7	\$	1.3	\$	1.9	\$	2.5	\$	3.0	\$	3.1	\$	3.0	\$	2.9	\$	2.8	\$	21.4
Other Compounds	_																													
ABT-518	All	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	-	\$	-	\$	-	\$	-	\$	_	\$	_	\$	-	\$	_
ABT-594	Chron. Perc. Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Neuro Pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-594	Nociceptive pain	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$		\$	_	\$	-	\$	-	\$	_	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sale	s		\$		\$		\$		\$	0.1	\$	0.7	\$	1.3	\$	2.2	\$	3.4	\$	4.7	\$	8.1	\$	13.6	\$	16.3	\$	10.4	\$	60.7

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4A.5.

⁽²⁾ Expected sales have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-773, calculated in Schedule 4A.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																											
	Sales	Rate	2	.003	2	004	20	005	2	2006	2	007	2	2008	 2009	2	2010	2	011	2	2012	2	013	2	014	2	015	T	otal
ButFor (1)	Up to 400 400-1000 1000-2000	8.50% 4.00% 1.00%	\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.3	\$ 0.3	\$	0.3	\$	0.4	\$	0.7	\$	0.9	\$	1.1	\$	0.6	\$	5.2
	>2000	0.50%		_		_		_		_		_		_	_		_		_		_		_		_		_		_
	Total		\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.3	\$ 0.3	\$	0.3	\$	0.4	\$	0.7	\$	0.9	\$	1.1	\$	0.6	\$	5.2
Actual (2)	Up to 400	8.50%	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
	400-1000	4.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	1000-2000	1.00%		-		-		-		-		-		-	-		-		-		-		-		-		-		-
	>2000	0.50%		-		-		_		_		-		_	 		-		-		_								
	Total		\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$ 0.0	\$	0.1	\$	0.1	\$	0.4	\$	0.9	\$	1.1	\$	0.6	\$	3.3
Lost Royalties Discount Rate			\$	0.0 1	\$	0.1 1	\$	0.1 1	\$	0.2 1	\$	0.2 1	\$	0.3 0.96	\$ 0.3 0.92	\$	0.3 0.89	\$	0.2 0.85	\$	0.2 0.82	\$	0.79	\$	- 0.76	\$	0.73	\$	1.8
PV of Lost Ro			\$	0.0	\$	0.1	\$	0.1	\$	0.2	\$	0.2	\$	0.2	\$ 0.2	\$	0.2	\$	0.2	\$	0.2	\$	-	\$	-	\$	-	\$	1.7
					. —																								

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 4A.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 4A.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - But-For Sales

Program Compound	Indication	Region	20	003	2	004	2	005	20	006	20	007	20	008	2	2009	2	010	20)11	20	012	2	013	20	014	20	015	Т	otal
Compounds at Issue (1)	_																													
ABT-773	Tablet	Global	\$	0.1	\$	0.7	\$	1.2	\$	1.7	\$	2.2	\$	2.6	\$	2.6	\$	2.6	\$	2.5	\$	2.4	\$	2.2	\$	2.1	\$	2.0	\$	25.0
ABT-773	IV	Global		-		-		0.1		0.1		0.2		0.2		0.3		0.3		0.3		0.3		0.3		0.3		0.2		2.4
ABT-773	Japan	Global		-		-		0.0		0.1		0.1		0.2		0.2		0.2		0.2		0.2		0.2		0.2		0.2		1.7
Subtotal			\$	0.1	\$	0.7	\$	1.3	\$	1.9	\$	2.5	\$	3.0	\$	3.1	\$	3.0	\$	2.9	\$	2.8	\$	2.7	\$	2.6	\$	2.4	\$	29.0
Reduction for 10 Year Re	oyalty Limit																							2.7		2.6		2.4		7.7
Subtotal			\$	0.1	\$	0.7	\$	1.3	\$	1.9	\$	2.5	\$	3.0	\$	3.1	\$	3.0	\$	2.9	\$	2.8	\$		\$		\$		\$	21.4
Other Compounds (2)	_																													
ABT-518 (3)	All	Global	\$	_	\$	-	\$	-	\$	_	\$	_	\$	-	\$	_	\$	_	\$	_	\$	-	\$	-	\$	_	\$	_	\$	-
ABT-594 (3)	Chron. Perc. Pain	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-594 (3)	Neuro Pain	Global		-		_		_		_		-		_		_		_		-		_		_		_		_		_
ABT-594 (3)	Nociceptive pain	Global		_		-		-		-		_		_		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	US		_		_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	Ex-US		-		_		_		_		_		_		_		_		_		_		_		_		_		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected But-For Net Sale	es		\$	0.1	\$	0.7	\$	1.3	\$	1.9	\$	2.5	\$	3.0	\$	3.3	\$	3.9	\$	4.6	\$	7.8	\$	10.6	\$	13.4	\$	7.6	\$	60.7

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to original expected sales for all other compounds except for ABT-773. For example, ABT-773 sales for 2011 are calculated as 306.7 (expected sales per Mr. Friedman; see Schedule 4A.9) x .01 (diminishment factor; see Schedule 4A.7).

(2) Unless noted otherwise, per Schedule 4A.6.

(3) ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Actual Sales (1)

Program Compound	Indication	Region	200)3	200	4	200)5	200	06	200	07	20	08	2	009	20	10	20	11	20	12	2	013	2	2014	20	015	Т	otal
Compounds at Issue	_																													
ABT-773	Tablet	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-773	IV	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reduction for 10 Year Roy	yalty Limit				-																									-
Subtotal			\$		\$		\$		\$		\$		\$		\$	-	\$		\$	-	\$	-	\$		\$	-	\$		\$	
Other Compounds	_																													
ABT-518 (2)	All	Global	\$	_	\$	_	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	-
ABT-594 (2)	Chron. Perc. Pain	Global		-		-		-		-		-		_		_		_		-		_		-		_		_		_
ABT-594 (2)	Neuro Pain	Global		_		_		-		_		_		_		_		_		_		_		_		_		_		-
ABT-594 (2)	Nociceptive pain	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	US		_		_		-		_		_		_		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0.2		0.3		0.7		1.8		3.4		4.2		2.4		13.0
ABT-751	All	Ex-US		-		-		-		-		-		-		0.1		0.6		1.0		3.2		7.2		9.2		5.2		26.4
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4
Expected Actual Net Sales			\$		\$		\$		\$		\$	-	\$		\$	0.2	\$	0.9	\$	1.7	\$	5.0	\$	10.6	\$	13.4	\$	7.6	\$	39.4

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Calculation of Expected Sales Diminishment Factor Low Case

Expected Sales for Compound ABT-773

Per Abbott 2001 Projections (1) 2,234 A

Per Hancock 2001 Projections (2) 3,605 B

$$1.61 C = B/A$$

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections ⁽³⁾	6,634	D
Per Abbott 2005 Projections (3)	39	E
	0.01	F = E/D
spected Sales Diminishment Factor	0.01	$G = C \times F$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Friedman Exhibit 4.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound For Compounds ABT 773, ABT 594 and ABT 518 -ABT 773".

(3) Source: Schedule 4A.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case

Program Compound	Indication	Region	Ye	ar 1	Ye	ar 2	Year 3	Year 4	<u> </u>	ear 5	Year 6	5	Year 7	Year 8	Year 9	Ye	ear 10	Year	11	Year 12	Y	ear 13	T	otal
Per Abbott 2005 Projections (1)																								
ABT-518 (2)	All	Global	\$	-	\$	-	\$ -	\$ -	. \$	-	\$	_	\$ -	\$ -	\$ -	\$	-	\$	-	\$ -	\$	_	\$	-
ABT-594 (2)	Chron. Perc. Pain	Global		-		-	_			_		_	-	_	-		-		-	-		-		-
ABT-594 (2)	Neuro Pain	Global		-		-	_			_		_	-	_	-		-		-	-		-		-
ABT-594 (2)	Nociceptive pain	Global		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-510	Non-Sarcoma	US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-510	Non-Sarcoma	Ex-US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-751	All	US		0.2		0.3	0.7	1.8		3.4	4.	.2	2.4											13.0
ABT-751	All	Ex-US		0.1		0.6	1.0	3.2		7.2	9.	.2	5.2											26.4
ABT-627	Non PCA	US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-627	Non PCA	Ex-US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-627	HRPCA	US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-627	HRPCA	Ex-US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-627	Japan	Ex-US		-		-	-	-		-		-	-	-	-		-		-	-		-		-
ABT-627	Ph IV Studies	US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-	-			-		-	-	-	-		-		-	-		-		-
ABT-100	All	Global		-		-	-	-		-		-	-	-	-		-		-	-		-		-
ABT-724	All	Global		-		-	-	-		-		-	-	-	-		-		-	-		-		-
ABT-492	All	Global		-		-				-		-					-		-	-		-		-
Subtotal			\$	0.2	\$	0.9	\$ 1.7	\$ 5.0	\$	10.6	\$ 13.	.4	\$ 7.6	\$ -	\$ -	\$	-	\$		\$ -	\$	-	\$	39.4
Per Hancock 2001 Projections																								
ABT-518 (4)			\$	1.9	\$	5.0	\$ 11.5	\$ 19.2	. \$	30.7	\$ 34.	6	\$ 38.4										\$	141.3
ABT-594 (4)				17.1	*	44.4	102.5	170.8		273.3	307.		341.6	341.6	341.6									,940.3
ABT-510				5.7		14.8	34.1	56.8		90.9														202.2
ABT-751				10.2		26.5	61.2	102.0)	163.2	183.	.6	204.0											750.7
ABT-627				24.4		63.3	146.2	243.6	,	389.8	438.	.5	487.2	487.2	487.2									,767.3
ABT-100				1.9		5.0	11.5	19.2		30.7	34.	.6	38.4											141.3
ABT-724				2.2		5.7	13.2	22.0)	35.2	39.	.6												117.9
ABT-492				6.1		15.9	36.7	61.2		97.9	110.	.2	122.4	122.4										572.8
Subtotal			\$	69.5	\$ 1	80.6	\$ 416.9	\$ 694.8	\$1	,111.7	\$ 1,148.	.4	\$ 1,232.0	\$ 951.2	\$ 828.8	\$	-	\$	-	\$ -	\$	-	\$ 6	,633.9

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

- (2) ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773
- $(3) \quad \text{Unless noted otherwise, per NCI Schedule "Expected Sales Based on Hancock Model By Compound"}.$
- (4) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound"

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	200	3	20	04	2	2005	2	2006	2	007	2	008	 2009	2	010	2	011	2	012	2	013	2	014	2	015	7	Total
Compounds at Issue																													
ABT-773	Tablet	Global	\$	7	\$	77	\$	129	\$	181	\$	230	\$	272	\$ 274	\$	269	\$	258	\$	246	\$	235	\$	223	\$	213	\$	2,614
ABT-773	IV	Global		-		-		6		13		18		23	27		29		29		28		28		27		22		246
ABT-773	Japan	Global		-		-		3		8		12		18	20		20		20		19		18		18		17		172
Subtotal			\$	7	\$	77	\$	138	\$	201	\$	260	\$	312	\$ 320	\$	318	\$	307	\$	293	\$	280	\$	268	\$	251	\$	3,033
Reduction for 10 Year Roya	alty Limit (2)																						280		268		251		799
Subtotal			\$	7	\$	77	\$	138	\$	201	\$	260	\$	312	\$ 320	\$	318	\$	307	\$	293	\$		\$		\$		\$	2,234
Other Compounds																													
ABT-518 (3)	All	Global	\$	_	\$	_	\$	-	\$	-	\$	_	\$	_	\$ _	\$	_	\$	-	\$	_	\$	_	\$	_	\$	_	\$	_
	Chron. Perc. Pain	Global		_		_		_		_		_		_	_		_		_		_		_		_		_		_
	Neuro Pain	Global		_		_		_		_		_		_	_		_		_		_		_		_		_		_
ABT-594 (3)	Nociceptive pain	Global		_		_		_		_		_		_	_		_		_		_		_		_		_		_
	Non-Sarcoma	US		_		_		_		_		_		_	_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	Ex-US		_		_		_		_		_		_	_		_		_		_		_		_		_		_
ABT-751	All	US		-		-		-		-		-		-	0		0		1		2		3		4		2		13
ABT-751	All	Ex-US		-		-		-		-		-		-	0		1		1		3		7		9		5		26
ABT-627	Non PCA	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-	-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ 0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Expected But-For Net Sales			\$	7	\$	77	\$	138	\$	201	\$	260	\$	312	\$ 321	\$	319	\$	308	\$	298	\$	11	\$	13	\$	8	\$	2,273

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) Source: Friedman Exhibit 4.2.

⁽³⁾ ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Low Case

Program Compound	Indication	Region	2003		2004		2005	5	200	06	200)7	200	08	200	9	201	0	201	1	201	2	20	13	20	14	20	15	T	otal
Compounds at Issue	_																													
ABT-773	Tablet	Global	\$	- 5	5	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-773	IV	Global																												
ABT-773	Japan	Global																												
Subtotal			\$	- 5	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	
Reduction for 10 Year Ro	yalty Limit (2)																													_
Subtotal			\$	- 5	\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$		\$	
Other Compounds	_																													
ABT-518 (3)	All	Global	\$	- 9	5	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-594 (3)	Chron. Perc. Pain	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-594 (3)	Neuro Pain	Global		-		-		-		-		-		_		-		_		-		-		_		-		_		-
ABT-594 (3)	Nociceptive pain	Global		_		-		_		_		_		_		-		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	US		_		-		-		_		_		_		-		_		-		_		_		_		_		-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		0		0		1		2		3		4		2		13
ABT-751	All	Ex-US		-		-		-		-		-		-		0		1		1		3		7		9		5		26
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	- 5	\$	-	\$	-	\$	-	\$	-	\$	-	\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Expected Net Sales (But Fo	r)		\$	<u>- 5</u>	\$	<u>-</u> -	\$		\$		\$		\$		\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.4.

(2) Source: Friedman Exhibit 4.2.

(3) ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 10%

	200	03	20	04	20	005	200	06	20	007	2	2008	2	009	2	010	2	2011	2	012	2	2013	2	014	2	015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$	_	\$		\$		\$	_	\$	0.3	\$		\$	(0.8)	\$		\$		\$		\$		\$		\$		\$	(0.5)
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(0.3)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4A.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	200)3	20	04	20	005	200)6	2	007	2	2008	2	2009	2	010	2	2011	2	012	2	2013	2	014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$		\$		\$		\$	_	\$	0.3	\$	_	\$	(0.8)	\$	_	\$	_	\$		\$	_	\$		\$	_	\$	(0.5)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	-	\$	0.3	\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(0.4)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 4A.13.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

But For Program Compound	2003	2004	20	05	20	06	2	007	20	08	20	009	2010	201	1	2012	201	13	20	14	2	015	Т	otal
Compounds at Issue (2)																								
ABT-773	\$ -	\$	- \$	-	\$	-	\$	0.3	\$	-	\$	-	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.3
Subtotal	\$ -	\$	- \$	-	\$	-	\$	0.3	\$	-	\$	-	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.3
Other Compounds																								
ABT-518	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-
ABT-594	-		-	-		-		-		-		-			-	-		-		-		-		-
ABT-510	-		-	-		-		-		-		-			-	-		-		-		-		-
ABT-751	-		-	-		-		-		-		0.8			-	-		-		-		-		0.8
ABT-627	-		-	_		-		-		-		-	-		-	-		_		-		_		_
ABT-100	-		-	_		-		-		-		-	-		-	-		_		-		_		_
ABT-724	-		-	-		-		_		_		_	-		_	_		-		-		_		-
ABT-492	-		-	_		_		-		_		_	-		_	-		_		_		_		_
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.8	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	0.8
F (. I.M. I	s -	•	- \$	_	•	-	•	0.2		_	\$	0.8	s -	· \$	- \$		\$	_	\$	-	\$	_	\$	1.1
	-	\$	<u>- 3</u>		\$	-	\$	0.3	\$		Ψ	0.0	<u> </u>	<u> </u>	<u>-</u> 3	<u>-</u>	Þ	<u> </u>	Đ		4		J	
Expected Milestones Actual Program Compound	2003	2004			20			0.3	20			0.0	2010	201		2012	201		20			015		otal
Actual																								
Actual Program Compound														201		2012								
Actual Program Compound Compounds at Issue	2003	2004	20		20	06	2		20	08	20		2010	201	1	2012	201	13	20	-	2			
Actual Program Compound Compounds at Issue ABT-773	2003	2004		05		06	\$	007	20	08	20	009	2010	201	1\$	2012	\$	13	20	-	\$	015	T (
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds	\$ - \$ -	2004		05	\$ \$	06	\$	007	20	08	20	009	2010	201	1\$	2012	\$	13	20	-	\$	015	\$ \$	
Actual Program Compound Compounds at Issue ABT-773 Subtotal	2003	2004 \$	\$ \$	05		06	\$	007	\$ \$	08	\$	009	\$ - \$ -	\$ \$	1 - \$	2012	\$	13	20	-	\$	015	T (
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594	\$ - \$ -	2004 \$	\$ \$	05	\$ \$	06	\$	007	\$ \$	08	\$	009	\$ - \$ -	\$ \$	1 - \$	2012	\$	13	20	-	\$	015	\$ \$	
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518	\$ - \$ -	2004 \$	\$ \$	05	\$ \$	06	\$	007	\$ \$	08	\$	009	\$ - \$ -	\$ \$	1 - \$	2012	\$	13	20	-	\$	015	\$ \$	- - - -
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751	\$ - \$ -	2004 \$	\$ \$	05	\$ \$	06	\$	007	\$ \$	08	\$		\$ - \$ -	\$ \$	1 - \$	2012	\$	13	20	-	\$	015	\$ \$	
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510	\$ - \$ -	2004 \$	\$ \$	05	\$ \$	06	\$	007	\$ \$	08	\$		\$ - \$ -	\$ \$	1 - \$	2012	\$	13	20	-	\$	015	\$ \$	- - - -
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-510 ABT-751 ABT-627	\$ - \$ -	2004 \$	\$ \$	05	\$ \$	06	\$	007	\$ \$	08	\$		\$ - \$ -	\$ \$	1 - \$	2012	\$	13	20	-	\$	015	\$ \$	- - - -
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	2004 \$	\$ \$	05	\$ \$	06	\$	007	\$ \$	08	\$		\$ - \$ -	\$ \$	1 - \$	2012	\$	13	20	-	\$	015	\$ \$	- - - -
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$ \$	\$ \$	05	\$ \$	06	\$	007	\$ \$	08	\$		\$ - \$ -	\$ \$	1 - \$	2012 	\$	13	\$ \$ \$	-	\$	015	\$ \$	- - - -

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4A.15.

(2) Expected milestones have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-773, calculated in Schedule 4A.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case Discounted at 4.04% Per Mr. Friedman

	200	03	2	004	20	005	200	6	2007	·	2	800	2	2009	2	010	2	2011	2	012	2	2013	2	014	2	2015	Т	otal
ButFor (1)	\$	-	\$	0.3	\$	-	\$	-	\$	-	\$	-	\$	0.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1.1
Actual (1)		-		-		-		-		-		-		1.6		-		-		-		-		-		-		1.6
Lost Milestones	\$		\$	0.3	\$		\$	_	\$		\$		\$	(0.8)	\$		\$		\$		\$		\$	_	\$		\$	(0.5)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	0.3	\$	-	\$	_	\$		\$	-	\$	(0.7)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	(0.4)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 4A.15.

(2) Source: Friedman Exhibit 4.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Low Case - Milestones (1)

Program Compound	2003	2	004	2005	20	06	20	07	200)8	20	009	2010	20	11	201	12	20	13	20	014		2015	 Total
Compounds at Issue (2)																								
ABT-773	\$ -	\$	0.3	\$ -	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.3
Subtotal	\$ -	\$	0.3	\$ -	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.3
Other Compounds																								
ABT-518	\$ -	\$	-	\$ -	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ -
ABT-594	-		-	-		-		-		-		-		-	-		-		-		-		-	-
ABT-510	-		-	-		-		-		-		-		-	-		-		-		-		-	-
ABT-751	-		-	-		-		-		-		0.8		-	-		-		-		-		-	0.8
ABT-627	-		-	-		-		-		-		-		-	-		-		-		-		-	-
ABT-100	-		-	-		-		-		-		-		-	-		-		-		-		-	-
ABT-724	-		-	-		-		-		-		-		-	-		-		-		-		-	-
ABT-492	-		-	-		-		-		-		-		-	-		-		-		-		-	-
Subtotal	\$ -	\$	-	\$ -	\$	-	\$	-	\$	-	\$	0.8	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$ 0.8
Expected Milestones	\$ -	\$	0.3	s -	\$	_	\$	_	\$	_	\$	0.8	\$	- \$	_	\$	_	\$	_	\$	_	\$		\$ 1.1
Actual																								
	2003	2	004	2005	20	06	20	07	200	08	20	009	2010		11	201	12	20	13	20	014	_	2015	Total
Program Compound	2003		004	2005	20	06	20	07	200	08		009	2010		11	201	12		13		014		2015	 Total
Program Compound	2003	\$	004	2005		-	\$	07	\$	-	\$	009	<u>2010</u>		<u>11</u>	\$	12	\$	13	\$	014		2015	 Total -
Program Compound Compounds at Issue		\$	004					07 		08 		009 - -	\$		<u>-</u>		12 - -		13		D14 - -	\$		 -
	\$ -	\$	004 - -	\$ -	\$	-	\$	07 - -	\$		\$	-	\$	- \$	-	\$	=	\$	=	\$	=	\$		\$ -
Program Compound Compounds at Issue ABT-773 Subtotal	\$ -	\$		\$ -	\$	-	\$		\$		\$	-	\$	- \$	-	\$	=	\$	=	\$	=	\$		\$ -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$	<u>-</u> - -	\$ \$		\$ \$	-	\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$		\$ -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$	- - - -	\$ \$		\$ \$	-	\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$		\$ -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$		\$ \$		\$ \$	-	\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$		\$ -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$		\$ \$		\$ \$		\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$		\$ - - - -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$	- - - - - - -	\$ \$		\$ \$		\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$		\$ - - - -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-751 ABT-627	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$	- - - - - -	\$ \$		\$ \$		\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$		\$ - - - -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$		\$ \$		\$ \$		\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$		\$ - - - -
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$		\$ - \$ -	\$ \$	-	\$ \$		\$ \$		\$ \$		\$	- \$ - \$	-	\$ \$	=	\$ \$	=	\$ \$	=	\$; -	\$ 1.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4A.17.

(2) Expected milestones are adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for all other compounds except ABT-773. For example, ABT-773 milestones for 2004 are calculated as 15.0 (expected milestones per Mr. Friedman; see Schedule 4A.17) x .02 (diminishment factor; see Schedule 4A.16).

Calculation of Expected Probability of Success Diminishment Factor Low Case

	Α	В	C = B / A	
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion	
at Issue	Projections (1)	Projections (2)	Factor	
ABT-773	75.20%	70.00%	0.93	
		Average	0.93	D
Other	Per Hancock 2001	Per Abbott 2005	Conversion	
Compounds	Projections (3)	Projections (1)	Factor	
ABT-518	10.00% (4)	0.00% (5)	-	
ABT-594	50.00% (4)	$0.00\%^{(5)}$	-	
ABT-510	30.00%	0.00%	-	
ABT-751	40.00%	8.00%	0.20	
ABT-627	70.00%	0.00%	-	
ABT-100	10.00%	0.00%	-	
ABT-724	10.00%	0.00%	-	
ABT-492	30.00%	0.00%		
		Average	0.03	E
Expec	ted Probability of Success	Diminishment Factor	0.02	$F = D \times E$

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

- Notes: (1) Unless noted otherwise, per Friedman Exhibit 5.3.
 - (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
 - (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."
 - (4) Unless noted otherwise, per NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518."
 - (5) ABT-518 and ABT-594 success probabilities have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Re-creation of Mr. Friedman's Expected Milestones Forecast Low Case

But For (1) Program Compound	2003	2	004	20	05	20	06	20	07	20	08	20	09	2010		2011	20	12	20	13	20	014		2015	Т	otal
Compounds at Issue																										
ABT-773 (3)	\$ -	\$	15	\$	_	\$	_	\$	_	\$	_	\$	_	\$	- 5	\$ -	\$	-	\$	-	\$	_	\$	-	\$	15
Subtotal	\$ -	\$	15	\$	-	\$	-	\$	-	\$	-	\$	-	\$	- 5	\$ -	\$	-	\$	-	\$	-	\$	-	\$	15
Other Compounds																										
ABT-518	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	- 5	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-594			-		-		-		-		-		-		-	-		-		-		-		-		-
ABT-510	-		-		-		-		-		-		-		-	-		-		-		-		-		-
ABT-751			-		-		-		-		-		1		-	-		-		-		-		-		1
ABT-627			-		-		-		-		-		-		-	-		-		-		-		-		-
ABT-100			-		-		-		-		-		-		-	-		-		-		-		-		-
ABT-724			-		-		-		-		-		-		-	-		-		-		-		-		-
ABT-492			-		-		-		-		-		-		-	-		-		-		-		-		-
Subtotal	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	1	\$	- 5	\$ -	\$	-	\$	•	\$	-	\$	-	\$	1
Expected Milestones	\$	\$	15	\$		\$	_	\$	_	\$	-	\$	1	\$	- 5	s -	\$	-	\$	-	\$	-	\$	-	\$	16
	Ψ -			<u> </u>		<u> </u>										•	-								11	
Actual (2)	2003		004	20		20		20	07	20	08	200		2010		2011	20	12	20	13		014		2015	Т	otal
Actual (2)									07		08						: =	12		13		014		2015	T	otal
Actual ⁽²⁾ Program Compound									07	20	08	200		2010	- 4		: =	12		13		014	\$	2015		otal -
Actual ⁽²⁾ Program Compound Compounds at Issue									07	20	08	200		2010	- 5		: =	12 - -		13		014 - -	\$		\$	otal -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773		\$				20	06	20	07	20	-	200	09	2010	- 5	2011 \$ -		12 - -		13	20	014 - -	\$		\$	otal - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal		\$				20	06	20	07 -	20	-	200	09	2010	- 5	2011 \$ -		12 - -		13	20	014	\$		\$	otal - -
Actual (2) Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds	\$ - \$ -	\$ \$				\$ \$	06	20	07 - - -	\$ \$	-	\$ \$	09	2010 \$ \$	- 5	2011 \$ -		12 - - -		13	20	014 - - -	\$		\$ \$	otal - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518	\$ - \$ -	\$ \$				\$ \$	06	20	07 - - -	\$ \$	-	\$ \$	09	2010 \$ \$	- 5	2011 \$ -		- - -			20	014 - - - -	\$		\$ \$	- - - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594	\$ - \$ -	\$ \$				\$ \$	06	20	07 	\$ \$	-	\$ \$	09	2010 \$ \$	- 5	2011 \$ -		- - - -			20	014 - - - - -	\$		\$ \$	- - - - - 2
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510	\$ - \$ -	\$ \$				\$ \$	06	20	07 	\$ \$	-	\$ \$	- - - -	2010 \$ \$	- 5	2011 \$ -		- - - - -			20	014 - - - - -	\$		\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751	\$ - \$ -	\$ \$				\$ \$	06	20	- - - - -	\$ \$	-	\$ \$	- - - -	2010 \$ \$	- 5	2011 \$ -		- - - - -			20	014 - - - - - -	\$		\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	-	\$ \$	- - - -	2010 \$ \$	- 5	2011 \$ -		- - - - - -			20	- - - - - -	\$		\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	-	\$ \$	- - - -	2010 \$ \$	- 5	2011 \$ -					20	- - - - - - -	\$		\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$				\$ \$	06	20		\$ \$	-	\$ \$	- - - -	2010 \$ \$	- \$ - \$	2011 \$ -		- - - - - - - - -		- - - - - - - -	20	- - - - - - - - -	\$		\$ \$	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724 ABT-492	\$ -	\$ \$	- - - - - - -	\$ \$ \$	- - - - - - -	\$ \$ \$		\$ \$ \$	- - - - - - -	\$ \$	- - - - - - -	\$ \$ \$	- - - - 2 - -	2010 \$ \$	- \$ - \$	\$ - \$ - \$ - - - - -	\$ \$		\$ \$		\$ \$ \$		\$ \$		\$ \$ \$	- - - 2 - -

Notes: (1) Unless noted otherwise, per Friedman Exhibit 4.6.

- (2) Unless noted otherwise, per Friedman Exhibit 4.7.
- (3) Assumes ABT-773 would be the first program compound to receive FDA approval. Amount is calculated as $20 \times .752$.
- (4) ABT-518 and ABT-594 milestones have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773

Calculation of Compound Launch Delay Low Case

Compounds	Per Abbott 2001	Per Abbott 2005	
Not At Issue	Projections	Projections (3)	Difference
ABT-518	2006 (1)	n/a	n/a
ABT-594	2004 (1)	n/a	n/a
ABT-510	2006 (2)	n/a	n/a
ABT-751	2006 (2)	2009	3
ABT-627	$2004^{(2)}$	n/a	n/a
ABT-100	2006 (2)	n/a	n/a
ABT-724	2007 (2)	n/a	n/a
ABT-492	2005 (2)	n/a	n/a
Expected Com	pound Launch Dela	ny (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518

(2) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(3) Source: Friedman Exhibit 4.4

Illustration Of Impact Of Selected Errors In Mr. Friedman's Lost Royalties And Milestone Payment Calculation Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological Errors Base Case Discounted At 10%

Dollars in Millions

	Lost oyalties_	Mi	Lost lestone yments	 Total
Mr. Friedman's Base Case	\$ 271.0	\$	11.0	\$ 282.0
Less: Adjustment to Reflect Decline in Expected Sales Projections	(254.0)		(13.0)	(267.0)
	\$ 17.0	\$	(2.0)	\$ 15.0
Less: Adjustment to Reflect Delay in Launch Dates	 (1.7)			 (1.7)
	\$ 15.3	\$	(2.0)	\$ 13.4
Less: Adjustment to Reflect Appropriate Discount Rate	 (3.3)		0.4	 (2.9)
	\$ 12.0	\$	(1.6)	\$ 10.4

Note: Differences are due to rounding.

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 10%

	Annual	Royalty																								
	Sales	Rate	2003		2004		2005	2	2006	2	007	 2008	 2009	2	2010	2	2011	 2012	2	013	2	2014	2	2015	T	otal
ButFor (1)	Up to 400	8.50%	\$	- 9		\$	_	\$	0.1	\$	0.7	\$ 1.1	\$ 1.9	\$	2.9	\$	4.0	\$ 7.0	\$	11.7	\$	14.0	\$	8.9	\$	52.3
	400-1000	4.00%		-	-		-		-		-	-	-		-		-	-		-		-		-		-
	1000-2000	1.00%		-	-		-		-		-	-	-		-		-	-		-		-		-		-
	>2000	0.50%		-	-		-		-		-	-	-		-		-	-		-		-		-		-
	Total		\$	- 9	; -	\$	-	\$	0.1	\$	0.7	\$ 1.1	\$ 1.9	\$	2.9	\$	4.0	\$ 7.0	\$	11.7	\$	14.0	\$	8.9	\$	52.3
Actual (1)	Up to 400	8.50%	\$	- 9	-	\$	-	\$	-	\$	-	\$ -	\$ 0.2	\$	0.8	\$	1.4	\$ 4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
	400-1000	4.00%		-	-		-		-		-	-	-		-		-	-		-		-		-		-
	1000-2000	1.00%		-	-		-		-		-	-	-		-		-	-		-		-		-		-
	>2000	0.50%		-	-		-		-		-	 -	 -		-			-				-		-		
	Total		\$	- \$; -	\$	-	\$	-	\$	-	\$ -	\$ 0.2	\$	0.8	\$	1.4	\$ 4.4	\$	9.1	\$	11.5	\$	6.5	\$	33.9
Lost Royalties			\$	- 9	-	\$	-	\$	0.1	\$	0.7	\$ 1.1	\$ 1.7	\$	2.1	\$	2.6	\$ 2.7	\$	2.6	\$	2.5	\$	2.4	\$	18.4
Discount Rate	At 10% ⁽²⁾			1	1	_	1		1		1	 0.91	0.83		0.75		0.68	0.62		0.56		0.51		0.47		
PV of Lost Ro	yalties		\$	<u>-</u>	· -	\$	-	\$	0.1	\$	0.7	\$ 1.0	\$ 1.4	\$	1.6	\$	1.8	\$ 1.7	\$	1.5	\$	1.3	\$	1.1	\$	12.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4B.2.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Royalties After Adjusting Expected Sales and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																										
	Sales	Rate	2003	200)4	2005	2	2006	2(007	2	800	2	2009	2	010	2	011	2	2012	2	013	2	014	2	015	T	otal_
ButFor (1)	Up to 400 400-1000 1000-2000 >2000	8.50% 4.00% 1.00% 0.50%	\$ - - -	\$	- - -	\$ - - -	\$	0.1	\$	0.7	\$	1.1 - -	\$	1.9 - -	\$	2.9	\$	4.0	\$	7.0 - -	\$	11.7 - -	\$	14.0	\$	8.9 - -	\$	52.3
	Total		\$ -	\$	-	\$ -	\$	0.1	\$	0.7	\$	1.1	\$	1.9	\$	2.9	\$	4.0	\$	7.0	\$	11.7	\$	14.0	\$	8.9	\$	52.3
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$ - - - - - \$ -	\$ \$	- - - - -	\$ - - - - - -	\$ \$	- - - - -	\$ \$	- - - -	\$	- - - - -	\$ \$	0.2	\$ \$	0.8	\$	1.4 - - - - 1.4	\$	4.4	\$	9.1	\$	11.5 - - - - 11.5	\$ \$	6.5	\$	33.9
Lost Royalties Discount Rate			\$ -	\$	1	\$ - 1	\$	0.1 1	\$	0.7 1	\$	1.1 0.96	\$	1.7 0.92	\$	2.1 0.89	\$	2.6 0.85	\$	2.7 0.82	\$	2.6 0.79	\$	2.5 0.76	\$	2.4 0.73	\$	18.4
PV of Lost Ro	yalties		\$ -	\$		\$ -	\$	0.1	\$	0.7	\$	1.1	\$	1.5	\$	1.9	\$	2,2	\$	2.2	\$	2.1	\$	1.9	\$	1.7	\$	15.3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 4B.3.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 4B.6.

(3) Source: Friedman Exhibit 3.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales

Program Compound	Indication	Region	200	3	2004		2005		2006	2	007	2	2008	 2009	2	2010	2	2011	2	2012	 2013	2	2014	2	015	T	otal
Compounds At Issue (2)	-																										
ABT-773	Tablet	Global						9	0.7	\$	7.7	\$	12.6	\$ 17.6	\$	22.4	\$	26.5	\$	26.7	\$ 26.0	\$	24.8	\$	23.6	\$	188.6
ABT-773	IV	Global							-		-		0.5	1.2		1.6		2.1		2.6	2.9		2.8		2.8		16.5
ABT-773	Japan	Global							-		-		0.3	0.7		1.2		1.7		2.0	2.0		1.9		1.8		11.7
Subtotal			\$	-	\$	-	\$	- \$	6 0.7	\$	7.7	\$	13.4	\$ 19.5	\$	25.1	\$	30.4	\$	31.3	\$ 30.8	\$	29.6	\$	28.2	\$	216.7
Reduction for 10 Year Ro	yalty Limit																										-
Subtotal			\$	-	\$	<u>-</u> _	\$	- 5	0.7	\$	7.7	\$	13.4	\$ 19.5	\$	25.1	\$	30.4	\$	31.3	\$ 30.8	\$	29.6	\$	28.2	\$	216.7
Other Compounds	_																										
ABT-518	All	Global	\$	- 1	\$	-	\$	- 4	5 -	\$	-	\$	-	\$ -	\$	_	\$	-	\$	_	\$ _	\$	-	\$	_	\$	_
ABT-594	Chron. Perc. Pain	Global		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-594	Neuro Pain	Global		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-594	Nociceptive pain	Global		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-510	Non-Sarcoma	US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-510	Non-Sarcoma	Ex-US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-751	All	US		-		-		-	-		-		-	1.6		3.3		7.4		18.4	34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-		-	-		-		-	1.2		5.7		9.4		32.8	72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-627	HRPCA	US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-627	Japan	Ex-US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-100	All	Global		-		-		-	_		-		-	_		-		-		-	-		-		-		-
ABT-724	All	Global		-		-		-	-		-		-	-		-		-		-	-		-		-		-
ABT-492	All	Global		-		-		-	_		-		-	_		-		-		-	-		-		-		-
Subtotal			\$		\$		\$	- 5	· -	\$	-	\$	-	\$ 2.9	\$	9.0	\$	16.8	\$	51.2	\$ 107.3	\$	134.7	\$	77.0	\$	398.9
Expected But-For Net Sales	s		\$		\$		\$	- 5	0.7	\$	7.7	\$	13.4	\$ 22.4	\$	34.2	\$	47.1	\$	82.5	\$ 138.1	\$	164.3	\$	105.2	\$	615.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4B.5.

(2) Expected sales have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-773, calculated in Schedule 4B.18.

Illustration of Adjusted Lost Royalties After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	Annual	Royalty																												
	Sales	Rate	2	003	2	004	20	005	2	.006	2	007	2	2008	2	2009	2	010	2	011	2	2012	2	013	2	014	2	015	Т	otal
ButFor (1)	Up to 400 400-1000 1000-2000 >2000	8.50% 4.00% 1.00% 0.50%	\$	0.1	\$	0.7	\$	1.1	\$	1.7	\$	2.1	\$	2.6	\$	2.9	\$	3.4	\$	3.9	\$	6.7	\$	9.1	\$	11.5	\$	6.5	\$	52.3
	Total		\$	0.1	\$	0.7	\$	1.1	\$	1.7	\$	2.1	\$	2.6	\$	2.9	\$	3.4	-\$	3.9	\$	6.7	\$	9.1	\$	11.5	\$	6.5	\$	52.3
Actual ⁽²⁾	Up to 400 400-1000 1000-2000 >2000 Total	8.50% 4.00% 1.00% 0.50%	\$ \$	- - - -	\$ \$	- - - -	\$	- - - -	\$ \$	- - - - -	\$	- - - -	\$ \$	- - - - -	\$ \$	0.2	\$ \$	0.8 - - - - 0.8	\$ \$	1.4 - - - - 1.4	\$ \$	4.4	\$ \$	9.1	\$ \$	11.5 - - - - 11.5	\$ \$	6.5	\$ \$	33.9
Lost Royalties			\$	0.1	\$	0.7	\$	1.1	\$	1.7	\$	2.1	\$	2.6	\$	2.7	\$	2.6	\$	2.5	\$	2.4	\$	-	\$	-	\$	-	\$	18.4
Discount Rate	At 4.04% (3)			1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Ro	yalties		\$	0.1	\$	0.7	\$	1.1	\$	1.7	\$	2.1	\$	2.5	\$	2.5	\$	2.3	\$	2.1	\$	2.0	\$		\$		\$		\$	17.0

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Royalty amounts are calculated based on expected but-for sales reflected in Schedule 4B.5.

(2) Royalty amounts are calculated based on expected actual sales reflected in Schedule 4B.6.

(3) Source: Friedman Exhibit 4.1.

Illustration of Expected But-For Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - But-For Sales

Program Compound	Indication	Region	2	003	2	2004	 2005	 2006	20	007	2	2008	2009	2	2010	2	2011	2	2012	 2013	 2014	2	2015	_	Total
Compounds at Issue (1)	_																								
ABT-773	Tablet	Global	\$	0.7	\$	7.7	\$ 12.6	\$ 17.6	\$	22.4	\$	26.5	\$ 26.7	\$	26.0	\$	24.8	\$	23.6	\$ 22.4	\$ 21.2	\$	20.0	\$	252.2
ABT-773	IV	Global		-		-	0.5	1.2		1.6		2.1	2.6		2.9		2.8		2.8	2.7	2.7		2.0		23.9
ABT-773	Japan	Global		-		-	0.3	0.7		1.2		1.7	2.0		2.0		1.9		1.8	1.8	1.7		1.6		16.7
Subtotal			\$	0.7	\$	7.7	\$ 13.4	\$ 19.5	\$	25.1	\$	30.4	\$ 31.3	\$	30.8	\$	29.6	\$	28.2	\$ 26.9	\$ 25.5	\$	23.6	\$	292.8
Reduction for 10 Year Ro	oyalty Limit																			 26.9	25.5		23.6		76.0
Subtotal			\$	0.7	\$	7.7	\$ 13.4	\$ 19.5	\$	25.1	\$	30.4	\$ 31.3	\$	30.8	\$	29.6	\$	28.2	\$ 	\$ 	\$		\$	216.7
Other Compounds (2)	_																								
ABT-518 (3)	All	Global	\$	-	\$	_	\$ -	\$ _	\$	_	\$	-	\$ -	\$	_	\$	_	\$	-	\$ _	\$ _	\$	_	\$	_
ABT-594 (3)	Chron. Perc. Pain	Global		_		_	_	_		_		_	_		_		_		_	_	_		_		-
ABT-594 (3)	Neuro Pain	Global		-		_	_	-		_		_	_		_		_		-	_	_		_		_
ABT-594 (3)	Nociceptive pain	Global		_		_	_	_		_		_	_		_		_		_	_	_		_		_
ABT-510	Non-Sarcoma	US		_		-	_	-		_		_	_		_		_		_	_	_		_		_
ABT-510	Non-Sarcoma	Ex-US		_		_	_	-		_		-	-		_		_		-	-	-		-		-
ABT-751	All	US		-		-	-	-		-		-	1.6		3.3		7.4		18.4	34.4	41.8		24.2		131.0
ABT-751	All	Ex-US		-		-	-	-		-		-	1.2		5.7		9.4		32.8	72.9	93.0		52.8		267.8
ABT-627	Non PCA	US		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-627	Non PCA	Ex-US		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-627	HRPCA	US		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-627	HRPCA	Ex-US		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-627	Japan	Ex-US		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-627	Ph IV Studies	US		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-100	All	Global		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-724	All	Global		-		-	-	-		-		-	-		-		-		-	-	-		-		-
ABT-492	All	Global		-		-	 -	 -		-		-	 -		-		-		-	 -	 -		-		-
Subtotal			\$	-	\$	-	\$ -	\$ -	\$	-	\$	-	\$ 2.9	\$	9.0	\$	16.8	\$	51.2	\$ 107.3	\$ 134.7	\$	77.0	\$	398.9
Expected But-For Net Sale	es		\$	0.7	\$	7.7	\$ 13.4	\$ 19.5	\$	25.1	\$	30.4	\$ 34.1	\$	39.8	\$	46.4	\$	79.4	\$ 107.3	\$ 134.7	\$	77.0	\$	615.6

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Expected but-for sales are estimated as expected sales per Mr. Friedman adjusted to reflect the decline in current expected sales compared to original expected sales for all other compounds except for ABT-773. For example, ABT-773 sales for 2011 are calculated as 497.3 (expected sales per Mr. Friedman; see Schedule 4B.9) x .06 (diminishment factor; see Schedule 4B.7).

(2) Unless noted otherwise, per Schedule 4B.6.

(3) ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773

Illustration of Expected Sales After Adjusting Sales Volume Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Actual Sales (1)

Program Compound	Indication	Region	200)3	200	4	200)5	200	06	200	07	20	08	20	009	20	010	20	1	20)12	20	013	20	14	20	015	T	otal
Compounds at Issue	_																													
ABT-773	Tablet	Global	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
ABT-773	IV	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-773	Japan	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Reduction for 10 Year Roy	yalty Limit				-																									-
Subtotal			\$		\$		\$		\$		\$		\$		\$	-	\$		\$		\$	-	\$		\$		\$		\$	
Other Compounds	_																													
ABT-518 (2)	All	Global	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-594 (2)	Chron. Perc. Pain	Global		-		-		-		-		-		_		_		_		-		_		-		_		_		-
ABT-594 (2)	Neuro Pain	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-594 (2)	Nociceptive pain	Global		_		_		_		_		_		_		_		_		_		_		_		_		_		_
ABT-510	Non-Sarcoma	US		_		_		-		_		_		-		_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-751	All	US		-		-		-		-		-		-		1.6		3.3		7.4		18.4		34.4		41.8		24.2		131.0
ABT-751	All	Ex-US		-		-		-		-		-		-		1.2		5.7		9.4		32.8		72.9		93.0		52.8		267.8
ABT-627	Non PCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-		-		-		-		-		-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-		-		-		-		-		-		-		-		-		_		-		-		-
Subtotal			\$	-	\$	-	\$	-	\$	-	\$	-	\$		\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$ 1	34.7	\$	77.0	\$	398.9
Expected Actual Net Sales			\$		\$		\$		\$		\$	-	\$		\$	2.9	\$	9.0	\$	16.8	\$	51.2	\$	107.3	\$ 1	34.7	\$	77.0	\$	398.9

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Calculation of Expected Sales Diminishment Factor Base Case

Expected Sales for Compound ABT-773

Per Abbott 2001 Projections
$$^{(1)}$$
 3,643 A

Per Hancock 2001 Projections $^{(2)}$ 3,605 B

 0.99 C = B/A

Expected Sales for Other Compounds Not At Issue

Per Hancock 2001 Projections (3)	6,634	D
Per Abbott 2005 Projections (3)	399	Е
	0.06	F = E/D
Expected Sales Diminishment Factor	0.06	$G = C \times F$

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: Friedman Exhibit 3.4.

(2) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound For Compounds ABT 773, ABT 594 and ABT 518 -ABT 773".

(3) Source: Schedule 4B.8.

Expected Sales For Compounds Not at Issue Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case

Program Compound	Indication	Region	Ye	ar 1	Yea	ar 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 1	.3	Total
Per Abbott 2005 Projections (1)																			
ABT-518 (2)	All	Global	\$	-	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	- \$	_
ABT-594 (2)	Chron. Perc. Pain	Global		-		-	_	-	-	-	-	_	_	-	-	-		-	_
ABT-594 (2)	Neuro Pain	Global		-		-	_	-	-	-	-	_	_	-	-	-		-	-
ABT-594 (2)	Nociceptive pain	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-510	Non-Sarcoma	US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-510	Non-Sarcoma	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-751	All	US		1.6		3.3	7.4	18.4	34.4	41.8	24.2								131.0
ABT-751	All	Ex-US		1.2		5.7	9.4	32.8	72.9	93.0	52.8								267.8
ABT-627	Non PCA	US		-		-	-	-	-	-	-	_	-	-	-	-		-	_
ABT-627	Non PCA	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	HRPCA	US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	HRPCA	Ex-US		-		-	-	-	-	-	-	_	-	-	-	-		-	-
ABT-627	Japan	Ex-US		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-627	Ph IV Studies	US		-		-	-	-	-	-	-	_	-	-	-	-		-	-
ABT-627	Ph IV Studies	Ex-US		-		-	_	-	-	-	-	_	_	-	-	-		-	_
ABT-100	All	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	-
ABT-724	All	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	_
ABT-492	All	Global		-		-	-	-	-	-	-	-	-	-	-	-		-	_
Subtotal			\$	2.9	\$	9.0	\$ 16.8	\$ 51.2	\$ 107.3	\$ 134.7	\$ 77.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$	- \$	398.9
Per Hancock 2001 Projections																			
ABT-518 (4)	•		\$	1.9	s	5.0	\$ 11.5	\$ 19.2	\$ 30.7	\$ 34.6	\$ 38.4							\$	141.3
ABT-594 ⁽⁴⁾				17.1	4	44.4	102.5	170.8	273.3	307.4	341.6	341.6	341.6					4	1,940.3
ABT-510				5.7		14.8	34.1	56.8	90.9										202.2
ABT-751				10.2		26.5	61.2	102.0	163.2	183.6	204.0								750.7
ABT-627				24.4		63.3	146.2	243.6	389.8	438.5	487.2	487.2	487.2						2,767.3
ABT-100				1.9		5.0	11.5	19.2	30.7	34.6	38.4								141.3
ABT-724				2.2		5.7	13.2	22.0	35.2	39.6	50.1								117.9
ABT-492				6.1		15.9	36.7	61.2	97.9	110.2	122.4	122.4							572.8
Subtotal			s	69.5	\$ 1		\$ 416.9	\$ 694.8	\$1,111.7	\$1,148.4	\$ 1,232.0	\$ 951.2	\$ 828.8	\$ -	\$ -	\$ -	\$	- s	6,633.9
our total			Ψ	37.0	ΨΙ		Ψ 110.9	ψ 074.0	Ψ 1,111.7	ψ 1,110.T	ψ 1,202.0	y 751.2	Ψ 020.0	-	Ψ	<u> </u>	Ψ	-	0,000.7

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's othe methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773

 $(3) \quad \text{Unless noted otherwise, per NCI Schedule "Expected Sales Based on Hancock Model By Compound"}.$

(4) Source: NCI Schedule "Expected Sales Based on Hancock Model By Compound"

Re-creation of Mr. Friedman's Expected But-For Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	20	003	2	004	 2005	2	2006	2	007	2	008	 2009	2	010	2	2011	2	012	2	2013	2	014	2	015	7	Γotal
Compounds at Issue	_																											
ABT-773	Tablet	Global	\$	12	\$	130	\$ 212	\$	296	\$	376	\$	446	\$ 449	\$	436	\$	417	\$	397	\$	377	\$	356	\$	337	\$	4,239
ABT-773	IV	Global		-		-	9		19		27		36	44		48		48		46		45		45		34		401
ABT-773	Japan	Global		-		-	5		12		19		29	33		33		33		31		30		28		27		280
Subtotal			\$	12	\$	130	\$ 226	\$	328	\$	423	\$	510	\$ 525	\$	518	\$	497	\$	474	\$	451	\$	429	\$	397	\$	4,921
Reduction for 10 Year Roy	yalty Limit (2)																					451		429		397		1,278
Subtotal			\$	12	\$	130	\$ 226	\$	328	\$	423	\$	510	\$ 525	\$	518	\$	497	\$	474	\$	-	\$		\$		\$	3,643
Other Compounds	_																											
ABT-518 (3)	All	Global	\$	_	\$	_	\$ _	\$	_	\$	_	\$	_	\$ _	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_
ABT-594 (3)	Chron. Perc. Pain	Global		_		_	_		_		_		_	_		_		_		_		_		_		_		_
ABT-594 (3)	Neuro Pain	Global		_		-	_		_		-		_	_		_		_		-		_		_		-		-
ABT-594 (3)	Nociceptive pain	Global		_		_	_		_		_		_	_		_		_		_		_		_		_		-
ABT-510	Non-Sarcoma	US		-		_	_		-		_		-	_		-		-		-		-		-		_		-
ABT-510	Non-Sarcoma	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-751	All	US		-		-	-		-		-		-	2		3		7		18		34		42		24		131
ABT-751	All	Ex-US		-		-	-		-		-		-	1		6		9		33		73		93		53		268
ABT-627	Non PCA	US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Non PCA	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	HRPCA	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Japan	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-627	Ph IV Studies	Ex-US		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-100	All	Global		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-724	All	Global		-		-	-		-		-		-	-		-		-		-		-		-		-		-
ABT-492	All	Global		-		-	-		-		-		-	-		-		-		-		-		-		-		-
Subtotal			\$	-	\$	-	\$ -	\$	-	\$	-	\$	-	\$ 3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$	399
Expected But-For Net Sales			\$	12	\$	130	\$ 226	\$	328	\$	423	\$	510	\$ 528	\$	527	\$	514	\$	525	\$	107	\$	135	\$	77	\$	4,042

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) Source: Friedman Exhibit 3.2.

⁽³⁾ ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Re-creation of Mr. Friedman's Expected Actual Net Sales Forecast (1) Base Case

Program Compound	Indication	Region	2003	2	2004	20	005	20	06	200	07	200	08	2009	9	201	0	20	11	20	12	20	013	2	014	20)15	 Γotal
Compounds at Issue	<u>_</u>																											
ABT-773	Tablet	Global	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
ABT-773	IV	Global		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-773	Japan	Global		-	-		-		-		-		-		-		-		-		-		-		-		-	-
Subtotal			\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -
Reduction for 10 Year Ro	oyalty Limit (2)																											 _
Subtotal			\$	- \$	-	\$	-	\$		\$		\$	<u>-</u>	\$	<u>-</u>	\$		\$		\$	-	\$		\$		\$		\$
Other Compounds	_																											
ABT-518 (3)	All	Global	\$	- \$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$	_	\$ _
ABT-594 (3)	Chron. Perc. Pain	Global		-	_		_		_		_		_		_		_		_		_		_		_		_	_
ABT-594 (3)	Neuro Pain	Global		_	_		_		_		_		_		_		_		_		_		_		_		_	-
ABT-594 (3)	Nociceptive pain	Global		_	_		_		_		_		_		_		_		_		_		_		_		_	_
ABT-510	Non-Sarcoma	US		_	_		_		_		-		_		_		_		_		_		_		_		_	_
ABT-510	Non-Sarcoma	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-751	All	US		-	-		-		-		-		-		2		3		7		18		34		42		24	131
ABT-751	All	Ex-US		-	-		-		-		-		-		1		6		9		33		73		93		53	268
ABT-627	Non PCA	US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Non PCA	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	HRPCA	US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	HRPCA	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Japan	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Ph IV Studies	US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-627	Ph IV Studies	Ex-US		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-100	All	Global		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-724	All	Global		-	-		-		-		-		-		-		-		-		-		-		-		-	-
ABT-492	All	Global		-	-		-		-		-		-		-		-		-		-		-		-		-	-
Subtotal			\$	- \$	-	\$	-	\$	-	\$		\$		\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$ 399
Expected Net Sales (But Fo	or)		\$	- \$	-	\$	-	\$		\$		\$		\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$ 399

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.4.

(2) Source: Friedman Exhibit 3.2.

⁽³⁾ ABT-518 and ABT-594 sales have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success, Launch Dates and Discount Rate Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 10%

	20	03	200)4	20	05	200	6	20	007	2	2008	2	009	2	2010	2	2011	2	2012	2	2013	2	2014	2	2015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	1.8	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5.9
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$		\$		\$		\$	_	\$	1.8	\$		\$	(4.1)	\$	_	\$		\$		\$		\$		\$		\$	(2.3)
Discount Rate At 10% (2)		1		1		1		1		1		0.91		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	_	\$	1.8	\$	-	\$	(3.4)	\$	-	\$	-	\$	_	\$	-	\$	-	\$	-	\$	(1.6)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4B.12.

(2) Amounts are discounted to December 31, 2007, consistent with Mr. Friedman. For example, .91 = 1/(1+.1).

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success and Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	200)3	200)4	20	05	200	6	20	007	2	2008	2	009	2	2010	2	2011	2	2012	2	2013	2	2014	2	015	T	otal
ButFor (1)	\$	-	\$	-	\$	-	\$	-	\$	1.8	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5.9
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$		\$	-	\$	-	\$	-	\$	1.8	\$	-	\$	(4.1)	\$		\$	_	\$		\$	-	\$	_	\$	-	\$	(2.3)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	-	\$	-	\$	_	\$	1.8	\$	-	\$	(3.8)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	(2.0)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 4B.13.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Launch Dates Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

But For							-				_														
Program Compound	2003	2004	20	05	200	06	20	007	20	800	2	009	2010		2011	2012	2	013	2	014		2015		Total	_
Compounds at Issue (2)																									
ABT-773	\$ -	\$	- \$	-	\$	-	\$	1.8	\$	-	\$	-	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	1.8	8
Subtotal	\$ -	\$	- \$	-	\$	-	\$	1.8	\$	-	\$	-	\$	- \$	-	\$ -	\$	-	\$	-	\$	-	\$	1.8	3
Other Compounds																									
ABT-518	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$		\$ -	\$	-	\$	-	\$	-	\$		-
ABT-594	-		-	-		-		-		-		-		-	-	-		-		-		-			-
ABT-510	-		-	-		-		-		-		-		-	-	-		-		-		-			-
ABT-751	-		-	-		-		-		-		4.1		-	-	-		-		-		-		4.3	1
ABT-627	-		-	-		-		-		-		-		-	-	-		-		-		-			-
ABT-100	-		-	-		-		-		-		-		-	-	-		-		-		-			-
ABT-724	-		-	-		-		-		-		-		-	-	-		-		-		-			-
ABT-492	-		-	-		-		-		-		-		-	-	-		-		-		-			-
Subtotal	\$ -	\$	- \$	-	\$	-	\$	-	\$	-	\$	4.1	\$	- \$		\$ -	\$	-	\$	-	\$		\$	4.	ı
					_			10	•		\$	4.1	\$	- \$		\$ -	\$	_	\$	_	\$. \$	5.9	9
Expected Milestones	<u>\$ -</u>	\$	- \$		\$		\$	1.8	\$		<u> </u>	1,1	Ψ			Ψ			Ψ				. 5	<u> </u>	
Expected Milestones Actual Program Compound	2003	\$ 2004			200			007		008		009	2010	<u> </u>	2011	2012		013		014		2015		Total	
Actual																									
Actual Program Compound														- \$	2011									Total	_
Actual Program Compound Compounds at Issue		2004			200		20		20		2		2010		2011	2012	21		\$		\$		- \$	Total	_
Actual Program Compound Compounds at Issue ABT-773	2003	2004	- \$	05	200	06	\$	007	\$	008	\$		2010	- \$	2011	2012	20	013	\$	014	\$	2015	- \$	Total	
Actual Program Compound Compounds at Issue ABT-773 Subtotal	2003	2004	- \$	05	200	06	\$	007	\$	008	\$		2010	- \$	2011	2012	20	013	\$	014	\$	2015	- \$	Total	
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$	013	\$ \$	014	\$	2015	- \$ - \$	Total	
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$	013	\$ \$	014	\$	2015	- \$ - \$	Total	
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$	013	\$ \$	014	\$	2015	- \$ - \$	Total	
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$	013	\$ \$	014	\$	2015	- \$ - \$	Total	<u>-</u>
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-594 ABT-510 ABT-751	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$	013	\$ \$	014	\$	2015	- \$ - \$	Total	
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-594 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$	013	\$ \$	014	\$	2015	- \$ - \$	Total	<u>-</u>
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$	013	\$ \$	014	\$	2015	- \$ - \$	Total	<u>-</u>
Actual Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$	- \$ - \$	05	\$	06	\$	007	\$	008	\$		\$ \$	- \$ - \$	2011	\$ -	\$ \$ \$	013	\$ \$	014	\$ \$	2015	\$ \$ \$	Total	- - - 2 - -

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4B.15.

(2) Expected milestones have been shifted by three years to reflect the average delay in the development of all other compounds except for ABT-773, calculated in Schedule 4B.18.

Illustration of Adjusted Lost Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case Discounted at 4.04% Per Mr. Friedman

	20	03	2	004	20	005	200)6	200	7	2	2008	2	.009	2	010	2	2011	2	2012	2	2013	2	014	2	2015	Т	otal
ButFor (1)	\$	-	\$	1.8	\$	-	\$	-	\$	-	\$	-	\$	4.1	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	5.9
Actual (1)		-		-		-		-		-		-		8.2		-		-		-		-		-		-		8.2
Lost Milestones	\$		\$	1.8	\$		\$	_	\$	_	\$	_	\$	(4.1)	\$	-	\$		\$		\$		\$		\$		\$	(2.3)
Discount Rate At 4.04% (2)		1		1		1		1		1		0.96		0.92		0.89		0.85		0.82		0.79		0.76		0.73		
PV of Lost Milestones	\$	-	\$	1.8	\$	-	\$	-	\$	_	\$	-	\$	(3.8)	\$	-	\$	-	\$	-	\$	-	\$	-	\$	_	\$	(2.0)

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Milestone amounts are calculated based on expected milestones reflected in Schedule 4B.15.

(2) Source: Friedman Exhibit 3.1.

Illustration of Expected Milestones After Adjusting Probabilities of Compound Success Assuming Liability And Ignoring (Without Agreement) Mr. Friedman's Other Methodological And Calculation Errors Base Case - Milestones (1)

But For Program Compound	2003	20	004	200	05	200	06	20	007	20	08	20	009	2010	2011	2012	20)13	20	014	20	015	Te	otal
Compounds at Issue (2)																								
ABT-773	\$ -	\$	1.8	\$	_	\$	_	\$	_	\$	-	\$	_	\$ -	\$	- \$ -	- \$	_	\$	-	\$	-	\$	1.8
Subtotal	\$ -	\$	1.8	\$	-	\$	-	\$	-	\$	-	\$	-	\$ -	\$	- \$ -	- \$	-	\$	-	\$	-	\$	1.8
Other Compounds																								
ABT-518	\$ -	\$	_	\$	-	\$	-	\$	-	\$	_	\$	-	\$ -	\$	- \$	- \$	-	\$	_	\$	-	\$	_
ABT-594	-		-		-		-		-		-		-	-				-		-		-		-
ABT-510	-		-		-		-		-		-		-					-		-		-		-
ABT-751	-		-		-		-		-		-		4.1	-				-		-		-		4.1
ABT-627	-		-		-		-		-		-		-					-		-		-		-
ABT-100	-		-		-		-		-		-		-					-		-		-		-
ABT-724	-		-		-		-		-		-		-					-		-		-		-
ABT-492	-		-		-		-		-		-		-					-		-		-		-
Subtotal	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4.1	\$ -	\$	- \$ -	- \$	-	\$	-	\$	-	\$	4.1
Expected Milestones	\$ -	\$	1.8	\$		\$		\$		\$	-	\$	4.1	s -	\$	- \$ ·	- \$	-	\$	-	\$		\$	5.9
Actual Program Compound	2003	20	004	200	05	200	06	20	007	20	08	20	009	2010	2011	2012	20)13	20	014	20	015	To	otal
	2003	20	004	200	05	200	06	20	007	20	08	2(009	2010	2011	2012		013	20	014		015	T	otal
Program Compound	<u>2003</u>	\$	004	\$	-	\$	06	\$	-	\$	08	\$	009 -	2010	2011	2012)13	\$	014	\$	015		otal -
Program Compound Compounds at Issue	\$ - \$ -	\$ \$			05 - -		-				_			\$ -		- \$)13 - -	\$	-		015 - -	\$	otal -
Program Compound Compounds at Issue ABT-773	\$ -	\$	-	\$	05 - -	\$	-	\$		\$	_	\$	009 	\$	\$	- \$	- \$	-	\$	-	\$	-	\$	otal
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds	\$ -	\$	-	\$)5 	\$	-	\$		\$	_	\$		\$	\$	- \$	- \$	-	\$	-	\$	-	\$ \$	otal
Program Compound Compounds at Issue ABT-773 Subtotal	\$ - \$ -	\$ \$	-	\$ \$	- - -	\$ \$	-	\$ \$	- - -	\$ \$	_	\$ \$		\$ -	\$ \$	- \$	- \$	-	\$	-	\$	-	\$	otal
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594	\$ - \$ -	\$ \$	-	\$ \$	- - -	\$ \$	-	\$ \$	- - -	\$ \$	_	\$ \$	- - -	\$ -	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518	\$ - \$ -	\$ \$	-	\$ \$	- - - -	\$ \$	-	\$ \$	- - - - -	\$ \$	_	\$ \$	- - - - 8.2	\$ -	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751	\$ - \$ -	\$ \$	-	\$ \$	- - - - -	\$ \$	-	\$ \$		\$ \$	_	\$ \$	- - - -	\$ -	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	8.2
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510	\$ - \$ -	\$ \$	-	\$ \$	- - - - - -	\$ \$	-	\$ \$	- - - - - - -	\$ \$	_	\$ \$	- - - -	\$ -	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$ \$	-	\$ \$	- - - - - - -	\$ \$	-	\$ \$	- - - - - - - -	\$ \$	_	\$ \$	- - - -	\$ -	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$	-	\$ \$	- - - - - - - -	\$ \$	-	\$ \$		\$ \$	_	\$ \$	- - - -	\$ -	\$ \$	- \$	- \$	-	\$	-	\$	-	\$ \$	8.2
Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$	-	\$ \$		\$ \$	-	\$ \$		\$ \$	_	\$ \$	- - - -	\$ -	\$ \$	- \$	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	-	\$	-	\$	-	\$ \$	8.2

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Differences are due to rounding.

Notes: (1) Source: Schedule 4B.17.

(2) Expected milestones are adjusted to reflect the decline in current expected probabilities of success compared to original expected probabilities of success for all other compounds except ABT-773 For example, ABT-773 milestones for 2004 are calculated as 14.4 (expected milestones per Mr. Friedman; see Schedule 4B.17) x .12 (diminishment factor; see Schedule 4B.16).

Calculation of Expected Probability of Success Diminishment Factor Base Case

	Α	В	C = B / A
Compounds	Per Abbott 2001	Per Hancock 2001	Conversion
at Issue	Projections (1)	Projections (2)	Factor
ABT-773	72.00%	70.00%	0.97
		Average	D
Other	Per Hancock 2001	Per Abbott 2005	Conversion
Compounds	Projections (3)	Projections (1)	Factor
ABT-518	10.00% (4)	0.00% (5)	-
ABT-594	50.00% (4)	$0.00\%^{(5)}$	-
ABT-510	30.00%	0.00%	-
ABT-751	40.00%	41.00%	1.03
ABT-627	70.00%	0.00%	-
ABT-100	10.00%	0.00%	-
ABT-724	10.00%	0.00%	-
ABT-492	30.00%	0.00%	
		Average	E
Expec	ted Probability of Success	Diminishment Factor	0.12 F = D x

General Notes:

This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

- Notes: (1) Unless noted otherwise, per Friedman Exhibit 5.2.
 - (2) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 773, ABT 594 and ABT 518."
 - (3) Source: NCI Schedule "Summary of Key Assumptions Based on Original Contract Terms for Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724."
 - (4) Unless noted otherwise, per NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518."
 - (5) ABT-518 and ABT-594 success probabilities have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773.

Re-creation of Mr. Friedman's Expected Milestones Forecast Base Case

But For (1)		_																						• • • •		_	
Program Compound	2003		004	20	05	20	06	20	07	20	08	20	09	2010		2011	20	12	20	13		2014		201	15	10	otal
Compounds at Issue																											
ABT-773 (3)	\$ -	\$	14	\$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-		\$	-	\$	14
Subtotal	\$ -	\$	14	\$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-		\$	-	\$	14
Other Compounds																											
ABT-518	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	- \$	-	\$	-	\$	-	\$	-		\$	-	\$	-
ABT-594	-		-		-		-		-		-		-			-		-		-		-			-		-
ABT-510	-		-		-		-		-		-		-		-	-		-		-		-			-		-
ABT-751	-		-		-		-		-		-		4		-	-		-		-		-			-		4
ABT-627	-		-		-		-		-		-		-		-	-		-		-		-			-		-
ABT-100	-		-		-		-		-		-		-		-	-		-		-		-			-		-
ABT-724	-		-		-		-		-		-		-			-		-		-		-			-		-
ABT-492	-		_		_		-		_		_		_			-		-		_					-		-
Subtotal	\$ -	\$	-	\$	-	\$	-	\$	-	\$	-	\$	4	\$	- \$	-	\$	-	\$	-	\$	-		\$	-	\$	4
												•		•	- \$				•		•			Φ.	_	\$	18
Expected Milestones	<u>\$ -</u>	\$	14	\$	-	\$		\$	<u>-</u>	\$	-	\$	4	\$. .	-	\$	-	\$	-	\$			\$			
Actual (2) Program Compound	2003		004	20		\$ 20			107	20		20		2010		2011		12		13		2014	-	201			otal
Actual ⁽²⁾																											
Actual ⁽²⁾ Program Compound																											
Actual ⁽²⁾ Program Compound Compounds at Issue												20		2010		2011 -											
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773	2003	20				20	06	20		20	08	20		2010	- \$	2011 -			20		\$			201		To	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal	2003	20				20	06	20		20	08	20		2010	- \$	2011 -			20		\$			201		To	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$		2010 \$ \$	- \$	2011 -			20		\$			201		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$		2010 \$ \$	- \$	2011 -			20		\$			201		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$		2010 \$ \$	- \$	2011 -			20		\$			201		**************************************	
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$	- - - -	2010 \$ \$	- \$	2011 -			20		\$			201		**************************************	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$	- - - -	2010 \$ \$	- \$	2011 -			20		\$			201		**************************************	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$	- - - -	2010 \$ \$	- \$	2011 -			20		\$			201		**************************************	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$	- - - -	2010 \$ \$	- \$	2011 -			20		\$			201		**************************************	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724	\$ - \$ -	\$ \$				\$ \$	06	20		\$	08	\$ \$	- - - -	\$ \$	- \$				20		\$			201		**************************************	- - - -
Actual ⁽²⁾ Program Compound Compounds at Issue ABT-773 Subtotal Other Compounds ABT-518 ABT-594 ABT-510 ABT-751 ABT-627 ABT-100 ABT-724 ABT-100 ABT-724	\$ - \$ - \$ - - -	\$ \$	- - - - - - -	\$ \$ \$	- - - - - - -	\$ \$ \$		\$ \$ \$		\$ \$ \$		\$ \$	- - - - 8 - -	\$ \$ \$	\$ \$		200 		\$ \$ \$		\$ \$	- - - - -		\$ \$ \$	- - - - - - -		- - - - 8 - -

Notes: (1) Unless noted otherwise, per Friedman Exhibit 3.6.

- (2) Unless noted otherwise, per Friedman Exhibit 3.7.
- (3) Assumes ABT-773 would be the first program compound to receive FDA approval. Amount is calculated as $20 \times .72$
- (4) ABT-518 and ABT-594 milestones have been reduced to zero to illustrate damage calculations for the individual compound, ABT-773

Calculation of Compound Launch Delay Base Case

Compounds Not At Issue	Per Abbott 2001 Projections	Per Abbott 2005 Projections (3)	Difference
ABT-518	2006 (1)	n/a	n/a
ABT-594	2004 (1)	n/a	n/a
ABT-510	2006 (2)	n/a	n/a
ABT-751	2006 (2)	2009	3
ABT-627	2004 (2)	n/a	n/a
ABT-100	2006 (2)	n/a	n/a
ABT-724	2007 (2)	n/a	n/a
ABT-492	2005 (2)	n/a	n/a
Expected Com	pound Launch Dela	ny (In Years)	3

General Notes: This is for illustration purposes, and ignores for discussion purposes (without agreement) liability on compound ABT-773 and Mr. Friedman's other methodological and calculation errors.

Notes: (1) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 773, ABT 594 and ABT 518

(2) Source: NCI Schedule "Summary of Key Assumptions Based on the Original Contract Terms For Compounds ABT 492, ABT 627, ABT 751, ABT 100, ABT 510 and ABT 724

(3) Source: Friedman Exhibit 3.4

SCHEDULE 5A

Illustration of Change in Currently Expected Royalties Assuming a Hypothetical Renegotiation in the Royalty Rate

Low Case Discounted at 10%

Dollars in Millions

	20	009	2	010	2	2011	2	012	2	2013	2	014	2	015	To	otal
Expected Net Sales (1)	\$	0	\$	1	\$	2	\$	5	\$	11	\$	13	\$	8	\$	39
Hypothetical Change in Royalty Rate (2)		6.5%		6.5%		6.5%		6.5%		6.5%		6.5%		6.5%		
Hypothetical Change in Royalties	\$	0	\$	0	\$	0	\$	0	\$	1	\$	1	\$	0	\$	3
Present Value Factor @ 10%		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
NPV of Hypothetical Change in Royalties	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	0	\$	1

Purpose:

To illustrate the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001.

Notes:

- (1) Source: Friedman Exhibit 4.4
- (2) For illustrative purposes, assumes (without agreement) that Hancock would have renegotiated its royalty rate for the first \$400 million in annual sales to maintain its calculated internal rate of return assuming its projections on all nine compounds. This represents the difference between the actual royalty rate (8.5%) and the hypothetically renegotiated royalty rate (15.0%).

General Note:

Differences are due to rounding.

SCHEDULE 5B

Illustration of Change in Currently Expected Royalties Assuming a Hypothetical Renegotiation in the Royalty Rate

Base Case Discounted at 10%

Dollars in Millions

	2	009	2	010	2	2011	2	2012	2	2013	2	2014	2	015	T	otal
Expected Net Sales (1)	\$	3	\$	9	\$	17	\$	51	\$	107	\$	135	\$	77	\$	399
Hypothetical Change in Royalty Rate (2)		6.5%		6.5%		6.5%		6.5%		6.5%		6.5%		6.5%		
Hypothetical Change in Royalties	\$	0	\$	1	\$	1	\$	3	\$	7	\$	9	\$	5	\$	26
Present Value Factor @ 10%		0.83		0.75		0.68		0.62		0.56		0.51		0.47		
NPV of Hypothetical Change in Royalties	\$	0	\$	0	\$	1	\$	2	\$	4	\$	4	\$	2	\$	14

Purpose:

To illustrate the impact of a hypothetical renegotiation of a royalty rate, required to maintain Hancock's calculated internal rate of return, under a hypothetical assumption that ABT-518, ABT-594 and ABT-773 were eliminated from the portfolio in March 2001.

Notes:

- (1) Source: Friedman Exhibit 3.4
- (2) For illustrative purposes, assumes (without agreement) that Hancock would have renegotiated its royalty rate for the first \$400 million in annual sales to maintain its calculated internal rate of return assuming its projections on all nine compounds. This represents the difference between the actual royalty rate (8.5%) and the hypothetically renegotiated royalty rate (15.0%).

General Note:

Differences are due to rounding.

SCHEDULE 6A

Calculation of 1/3 of Unspent Aggregate Carryover Amount Dollars in Millions

Aggregate Spending Target	\$ 614.0
Less: Abbott's Reported Aggregate Spending During Program Term (3/13/01 - 12/31/04)	(456.3)
Aggregate Carryover Amount	\$ 157.7
Less: Abbott's Reported 2005 Spending	(73.0)
	\$ 84.7
1/3 of Unspent Aggregate Carryover Amount	\$ 28.2

SCHEDULE 6B

Abbott's Reported Program Spending by Compound (1)
Dollars in Millions

Program Compound	2	001 (2)	 2002	 2003	2004	 2005
ABT-100	\$	7.5	\$ 2.4	\$ -	\$ -	\$ -
ABT-492		20.1	32.8	4.1	-	-
ABT-510		7.2	12.8	18.5	23.6	16.1
ABT-518		2.4	-	-	-	-
ABT-594		5.5	1.4	-	-	-
ABT-627		28.7	51.8	53.6	43.4	44.6
ABT-724		6.6	6.5	0.8	-	-
ABT-751		5.3	9.7	11.0	13.5	12.3
ABT-773		59.7	13.9	(0.9)	0.3	-
	\$	143.1	\$ 131.3	\$ 87.1	\$ 80.8	\$ 73.0
Management Fees / Milestones		_	10.0	2.0	2.0	-
Total Spending	\$	143.1	\$ 141.3	\$ 89.1	\$ 82.8	\$ 73.0
Cumulative Spending	\$	143.1	\$ 284.4	\$ 373.5	\$ 456.3	\$ 529.3

Sources:

⁽¹⁾ Unless noted otherwise, source is Abbott Laboratories' Amended Responses and Objections to Plaintiffs' Second Set of Interrogatories, Interrogatory No. 15, dated 8/3/07

⁽²⁾ NCI Schedule, "Abbott Reported Spending in 2001"

SCHEDULE 7A

Abbott Reported Spending in 2001 Dollars in Millions

	Jan. 1	- Dec. 31 (1)	 Jan ⁽²⁾	 Feb (2)	 Mar (2)		1 - Dec. 31		13 - Mar. 31	Mar	. 13 - Dec. 31
		A	В	С	D	E =	A - B - C - D	F	$I = 19 / 31 \times D$		G = E + F
ABT-100	\$	9.2	\$ 0.6	\$ 0.7	\$ 1.0	\$	6.9	\$	0.6	\$	7.5
ABT-492		23.1	1.1	1.2	1.6		19.2		1.0		20.1
ABT-510		8.8	0.5	0.8	0.8		6.7		0.5		7.2
ABT-518		3.7	0.5	0.6	0.6		2.0		0.4		2.4
ABT-594		7.8	1.1	0.8	1.0		4.9		0.6		5.5
ABT-627		34.1	2.2	2.3	2.4		27.2		1.5		28.7
ABT-724		8.1	0.5	0.7	0.7		6.2		0.4		6.6
ABT-751		6.5	0.5	0.5	0.6		5.0		0.4		5.3
ABT-773		80.8	 8.4	 8.5	 10.7		53.2		6.6		59.7
	\$	182.1	\$ 15.4	\$ 16.0	\$ 19.3	\$	131.3	\$	11.8	\$	143.1

Sources:

⁽¹⁾ Abbott Laboratories' Amended Responses and Objections to Plaintiffs' Second Set of Interrogatories, Interrogatory No. 15, dated 8/3/07

⁽²⁾ Global Discovery Project Expense Reports (ABBT0578006-15)

SCHEDULE 7B

2002 Annual Research Plan 2002 - 2004

Dollars in Millions

Program C	Compound	2	2002		2003	 2004		Γotal
Ketolide	ABT-773	\$	79.3	\$ 88.1		\$ 12.7	\$	180.1
Endothelin	ABT-627		52.9		30.6	37.1		120.6
CCM	ABT-594		N/A		N/A	N/A		-
Quinolone	ABT-492		42.4		54.8	86.9		184.1
TSP	ABT-510		26.3		47.8	28.0		102.1
MMPI	ABT-518		N/A		N/A	N/A		-
Anti-Mitotio	c ABT-751		15.6		47.6	26.0		89.2
FTI	ABT-100		6.6		15.9	33.6		56.1
ED	ABT-724		5.9		7.4	31.8		45.1
Total		\$	229.0	\$	292.2	\$ 256.1	\$	777.3

Source: 2002 Preliminary Annual Research Plan, Dated 11/26/01 (Hendricks Deposition Exhibit 9, JH 000788)

SCHEDULE 7C

Calculation of Expected / Nominal Ratio

Dollars in Millions

Program	Compound	No	ominal_	Ex _]	pected	Expected / Nominal Ratio
ABT-773	Ketolide	\$	75.9	\$	68.5	0.90
ABT-627	Endothelin		30.6		30.5	1.00
ABT-594	CCM					
ABT-492	Quinolone		54.8		31.0	0.57
ABT-510	TSP		47.6		30.6	0.64
ABT-518	MMPI					
ABT-751	Anti-Mitotic		47.8		31.9	0.67
ABT-100	FTI		15.9		11.2	0.70
ABT-724	ED		7.4		5.9	0.80
		\$	280.0	\$	209.6	0.75

Source: Turner Email, Dated 2/8/02 (ABBT 0027422)

"Risk-Adjusted" 2002 Preliminary Annual Research Plan

	2	001 (3)		2002		2003		2004		Γotal
Projected Spending By Year (1)	\$	59.7	\$	79.3	\$	88.1	\$	12.7	\$	239.8
Expected / Nominal Ratio (2)		n/a		0.90		0.90		0.90		
ABT-773 Ketolide	\$	59.7	\$	71.4	\$	79.3	\$	11.4	\$	221.8
Projected Spending By Year (1)	\$	28.7	\$	52.9	\$	30.6	\$	37.1	\$	149.3
Expected / Nominal Ratio (2)		n/a		1.00		1.00		1.00		
ABT-627 Endothelin	\$	28.7	\$	52.9	\$	30.6	\$	37.1	\$	149.3
Projected Spending By Year (1)	\$	5.5	\$	-	\$	-	\$	-	\$	5.5
Expected / Nominal Ratio (2)		n/a		n/a		n/a		n/a		
ABT-594 CCM	\$	5.5	\$	-	\$	-	\$	-	\$	5.5
Projected Spending By Year (1)	\$	20.1	\$	42.4	\$	54.8	\$	86.9	\$	204.2
Expected / Nominal Ratio (2)		n/a		0.57		0.57		0.57		
ABT-492 Quinolone	\$	20.1	\$	24.2	\$	31.2	\$	49.5	\$	125.1
Projected Spending By Year (1)	\$	7.2	\$	26.3	\$	47.8	\$	28.0	\$	109.3
Expected / Nominal Ratio (2)	_	n/a	_	0.64	_	0.64	_	0.64	_	
ABT-510 TSP	\$	7.2	\$	16.8	\$	30.6	\$	17.9	\$	72.5
Desired A.C. and in a Re-Very (1)	ф	2.4	ф		ф		ď		ď	2.4
Projected Spending By Year (1)	\$	2.4	\$	-	\$	_	\$,	\$	2.4
Expected / Nominal Ratio (2) ABT-518 MMPI	¢	n/a 2.4	\$	n/a	\$	n/a	\$	n/a	\$	2.4
AD1-516 WIWIF1	\$	2,4	Ф		Ф				ф	2,4
Projected Spending By Year (1)	\$	5.3	\$	15.6	\$	47.6	\$	26.0	\$	94.5
Expected / Nominal Ratio (2)		n/a		0.67		0.67		0.67		
ABT-751 Anti-Mitotic	\$	5.3	\$	10.5	\$	31.9	\$	17.4	\$	65.1
Projected Spending By Year (1)	\$	7.5	\$	6.6	\$	15.9	\$	33.6	\$	63.6
Expected / Nominal Ratio (2)		n/a		0.70		0.70		0.70		
ABT-100 FTI	\$	7.5	\$	4.6	\$	11.1	\$	23.5	\$	46.7
Projected Spending By Year (1)	\$	6.6	\$	5.9	\$	7.4	\$	31.8	\$	51.7
Expected / Nominal Ratio (2)		n/a		0.80		0.80		0.80		
ABT-724 ED	\$	6.6	\$	4.7	\$	5.9	\$	25.4	\$	42.7
Projected Spending By Year (1)	\$	143.1	\$	229.0	\$	292.2	\$	256.1	\$	920.4
Adjusted Spending By Year	\$	143.1	\$	185.1	\$	220.7	\$	182.4	\$	731.2

Sources:

- (1) 2002 Preliminary Annual Research Plan, Dated 11/26/01 (Hendricks Deposition Exhibit 9, JH 000788)
- (2) Turner Email, Dated 2/8/02 (ABBT 0027422)
- (3) Abbott Laboratories' Amended Responses and Objections to Plaintiffs' Second Set of Interrogatories, Interrogatory No. 15, dated 8/3/07 and Global Discovery Project Expense Reports (ABBT0578006-15)

Memorandum To:

File

Re:

Abbott Laboratories ("Non-Recourse")



Background

In October 2000, the Committee of Finance approved a \$220 million commitment to fund research and development expenses for a basket of pharmaceutical products currently under development by Abbott Laboratories. During the documentation process, which was completed on March 13, 2001, certain terms of the transaction were modified, although the basic economics were not materially changed. This memorandum describes the significant changes to the transaction compared to the initial report to the Committee of Finance.

Modifications

The Commitment Amount was reduced from \$220 million to \$214 million.

The <u>basket</u> of pharmaceutical products was modified and increased from eight to nine (see <u>Program Compounds</u> below for further details).

The <u>Program Payments</u> were changed from:

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	Original	Revised
December 2000	\$50,000,000	\$ 0
December 2001	\$55,000,000	\$50,000,000
December 2002	\$55,000,000	\$54,000,000
December 2003	\$60,000,000	\$58,000,000
December 2004	\$ 0	\$52,000,000

The <u>Program Term</u> was changed from "commencing December 2000 and ending on December 2004" to "commencing March 2001 and ending on December 2004".

The <u>Milestone Payments Upon NDA Approval by the FDA</u> were changed from \$10,000,000 to \$20,000,000 for the first Product and \$10,000,000 for the second and third Products.

The Aggregate Milestone Payments for all "non-NDA Approval" milestones was changed from \$12,000,000 to \$8,000,000.

The Royalty Payments were changed from:

	Original	Revised
\$0 to \$400 million	8%	81/2%
>\$400 and ≤ \$1,000 million	4%	4%
$>$ \$1,000 and \leq \$2,000 million	1%	1%
>\$2,000 million	1/2%	1/2%

The Royalty Payments shall cease on December 31, 2015 instead of December 31, 2014.

The Program Compounds were modified as follows:

Program Compound ABT-980 and the Urokinase Program were removed from the basket. Program Compounds ABT-492 and ABT-751 and the ED Program were added to the basket. The assumptions for the added Program Compounds are:

Product	Indication	Peak Sales	Stage of Development
ABT-492	Anti-infective	\$400 million	Phase I/2005
ABT-510	Cancer	\$400 million	Phase I/2006
ED	Erectile Dysfunction	\$400 million	Pre-clinical/2007

In addition, a provision was added that requires Abbott to substitute an additional Phase II compound with no less commercial value than initially expected for ABT-492 and ABT-510 if either ABT-492 or ABT-510 fails to enter a Phase II Clinical Trial. We modeled this contingent additional compound as a Phase II compound with 40% probability of success, \$400 million of peak sales, 2006 launch date. We assumed that the probability of obtaining the contingent additional compound in the basket was approximately 84%.

Affect of Modifications on Model Results

Our initial model (without adjustments for conservatism) provided a probability of loss of approximately 0.9% and a median return of approximately 17.5% and a mean return of approximately 15.9%. Our revised model (without adjustments for conservatism) provides a probability of loss of approximately 1.3% and a median return of approximately 18.8% and a mean return of approximately 16.2%.

From: Lynn C. Klotz [LynnKlotz@compuserve.com]

Tuesday, June 20, 2000 6:46 PM Sent:

To: Blewitt, Stephen

Subject: Preliminary Abbott basket analysis

It took me less time than I thought to consolidate my notes, so here it is in the attachment. I will not do any more work, until we agree on next steps. I am a little under two days work so far.

-- Lynn



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Preliminary Analysis of Abbott Drug Basket

file: abbott-bask

General Thoughts, Ideas and Questions

The basket is really two baskets

Some of the drugs in the basket are well along in clinical trials and represent new but more traditional approaches to diseases. In contrast, the remaining drugs are cytostatic cancer agents for cancer, and since this is a new untried strategy for everyone, it is high risk. The risk is compounded by the fact that most are in discovery, not in clinical trials.

In our analysis, we should perhaps treat the basket as two, and come up with independent courses of action for each. The traditional drugs in the basket cover a wide range of diseases and thus reduce the risk of competitor's drugs totally shutting Abbott out.

Some thoughts on cytostatic drugs

There is a general clinical trials issue for cytostatic drugs: Many will enter trials in combination with conventional cytotoxic drugs and effective combinations will have to be determined empirically. Intermediate and surrogate measures of biological response will have to be developed. Regulatory agencies are grappling with the same issues.

The idea of using cytostatic drugs in combination with traditional drugs is however enormously appealing.

Do cytostatic agents reflect Abbott's major cutting-edge cancer strategy? If not, why are they being offered to Hancock?

Precisely what is Hancock buying?

In the areas where Abbott is still in discovery and doesn't have specific drug candidates will Hancock be buying royalty rights for all compounds, the first to enter clinical trials or the first to enter the marketplace. Rights to the first to enter the marketplace is greatly preferred, since it eliminates the risk that the drug will make it through trials. This is one way to deal with the cytostatic area where the candidates are not yet in clinical trials.

For some compounds, Abbott is conducting clinical trials for one indication, but they state that the compound has shown promise for other indications (off label or not) and diseases. It is

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preferable that Hancock has royalty rights for the compound itself—that is all indications and diseases, rather than the first indication for which it is being tested in trials.

How do we value the technical aspects of the drug basket and competitive drugs?

First, we might search the business press and MedLine to validate Abbott's claims and analysis for each drug in the basket. Then, for some (many?) basket drugs we should seek the opinion of one to two experts. Literature searching one basket drug is likely a four to five hour task, and may be necessary preparation to prime us with goodquestions for the experts. We should not need more than two hours of an expert's time. From the point of view of due diligence, experts should be retained for most of the drugs.

How do we value sales of the drug basket?

Estimating actual sales of drugs in the basket is difficult, but is key for deciding on the amount of investment and royalty rate. Along with clinical trials, success risk it is the other main source of risk, assuming Abbott doesn't just disappear. Abbott's sales estimates are likely all high, because they would need to be optimistic to sell the drugs/programs internally. A few ideas for schemes for estimating sales are presented below:

- 1) In this scheme, determine the dollar sales for the top five (ten or twenty?) drugs in each therapeutic area (disease targets), and the average sales of all drugs in that disease area. This data is likely available for many of the disease targets—and Abbott presents some data. Then assume both: optimistically, sales will reach a level of the average of the top five; and conservatively sales will reach the average of all drugs in that area—to give us a feel for the range of sales. For example, cancer and antibiotic markets are highly fragmented, so the average sales of a particular drug is likely small, perhaps less than \$100 million. The average sales of the top five drugs may also be less than \$500 million, less than half of Abbott's projected sales. Of course, we must still take into account the average probabilities that the drugs not fail in clinical trials and reach the marketplace.
- 2) In this scheme, we try to estimate sales, and probabilities more from "first principles." Start with Abbott's sales estimates and adjust them downward based on market risk factors. The average probabilities that the drugs ever reach the marketplace must be separately taken into account, and should be adjusted upward or downward based on clinical trials risk factors.

The clinical trials risk factors are:

- uncertainties about the targets key role in the disease (would adjust downward the probability that the drug reaches the marketplace)
- uncertainties about toxicity (would adjust probability downward)

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easily defined or fuzzy clinical trial endpoints (would adjust probability upward or downward). For example, antibiotics have easy endpoints--the patient get better and no evidence of infection; cytostatic drugs have difficult to measure endpoints when in combination with traditional drugs.

We would adjust the development phase probabilities using factors ct, which range from perhaps zero to above one. We would need to define the appropriate adjustment factors

The market risk factors are:

- number of competitors
- efficacy and side-effects of Abbott's drug vs. competitor's drugs
- cost of Abbott drug vs competitor's drugs
- market need, dire to modest

We would adjust downward Abbott's sales estimates using factors mri between zero and one.

Of course determining the cti and mri factors is somewhat guess work, but at the very least the effort would allow us to better focus on the issues and get some idea of value and risk of the package.

Thoughts on the investment risk spectrum:

- Example of a zero risk approach: If Hancock received a guaranteed return on its investment each year increasing yearly regardless of sales, so that the internal rate of return was significant (e.g., 15%), there would be no risk but also no upside reward. One way of receiving the return would be for it to start, for example, in 2003 and ramp up to a maximum in 2015 and decline over the next five years. Under this scenario, Abbott would be paying return from the anticipated drug sales, and Abbott would experience all the up-side and down-side. Hancock would have no risk.
- Example of an intermediate risk approach: Receive a guaranteed internal rate of return of for example 5% to 7% as in the above, and receive the rest of the return based on actual sales, so upside potential exists. In this model with a 7% return, one could perhaps even take Abbott's likely inflated sales estimates, since it is all upside above 7%. This removes much of the uncertainly of estimates of eventual sales.
- Highest risk approach: Hancock does its best to estimate what it expects for sales on the drug basket, makes the appropriate investment with an appropriate royalty rate, and receives all its return as royalty on actual sales.

An idea for simplifying the financial calculations of appropriate investment amount and royalty rate to give an acceptable internal rate of return (IRR) to Hancock.

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Since all the drugs in the basket which are in clinical trials are about the same phase of clinical trials (this excludes all the cytostatic agents except one) begin sales approximately between 2003-2005 and ramp up to maximum sales in approximately 2010-2013, and patents expire about 5 years later, we could use the linear IRR model developed at present only for single drugs by treating the package as a single drug, with total sales and average probability.

This will be a quick and dirty way, and likely as good as a more detailed model, to get in the range of reasonable royalty return.

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Summary Profile of the Basket

Drug	Disease Targets	Mechanism of Action	Stage of Development	Preliminary Assessment Promise/ Market-risk	Projected Maximum Sales
ABT- 980	benign prostatic hyperplasia (BPH)	alpha la adrenoceptor antagonist	phase II completed, phase III begun?	high/ medium	\$700 mil. (worldwide)
ABT- 627	cytostatic therapy for hormone resistant metastatic prostate cancer (PCA)	endothelin ET-1 antagonist for Eta receptor	phase II completed, phase III begun?	medium/ medium	\$1,000 mil. (worldwide)
ABT- 773	bacteria resistant to present antibiotics	new class of antibiotics (ketolides)	phase III?	high/ low	\$1,000 mil. (worldwide)
ABT- 594	diabetic neuropathic pain	cholinergic channel modulator (chCM)	phase IIa, Phase IIb about to begin	high/ medium	\$1,100 mil. (worldwide)
A- 254751	cytotoxic therapy for late stage breast, NSCL, ovarian, and pancreatic cancers	binds to the colchicine site on tubulin to inhibit microtubule formation	preclinical or phase I?	hìgh/ high	\$680 million (worldwide)
ABT- 518	cytostatic therapy for late stage breast, NSCL, ovarian, and pancreatic cancers	matrix metallo proteinase inhibitor (MMP1)	preclinical or phase I	high/ high	\$850 mil. (worldwide)
FTI	same as ABT-518	farnesyl- transferase inhibitors which block either farnesylation of RAS or RhoB	early preclinical?	high/ high	\$850 mil. (worldwide)
Uro- kinase inhib- itors	same as ABT-518	serine protease inhibitor	early preclinical	high/ high	\$850 mil. (worldwide)

Note to table: Market risk, in this preliminary assessment is a qualitative "feel" based on uncertainties in technical strategy, uncertainties in clinical trials, perceived value of the drug compared to others, number of competitors.

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Issues, Questions, Evaluation Tasks

ABT-980 (alpha 1a adrenoceptor antagonist for BPH).

Product is scheduled to begin Phase III clinical trials in second quarter 2000. Has it begun Phase III? What were the results of Phase II?

According to Abbott, uroselective agents such as Tamsulosin (Flomax®) and ABT980 are predicted to be the standard of care replacing existing non-selective agents. We should search the literature for a confirmation of that statement, and understand the medical communities view of selective vs non-selective agents and competitor potential of Flomax.

At time of ABT980 launch, Abbott expects competition from several other alpha 1a blockers. Abbott lists three key competitive drugs in clinical trials, one lead competitor/drug is Yamanuchi/Glaxo's drug Dutasteride which is in Phase III trials. As a "spot check," we should learn what we can about the status and promise of that drug?

ABT 627 (endothelin ET-1 antagonist for Eta receptor for metastatic prostate cancer).

Abbott classifies this drug as a cytostatic agent not a cytotoxic agent, because it only retards progression of PCa and doesn't cure it. Abbott is positioning it as a drug that delays progression and improves quality of life for HRPCa patients. In clinical trials, quality of life is a somewhat fuzzy endpoint, but some measure can be achieved. Since prostate cancer usually progresses slowly, measuring a delay in progression may be difficult in clinical trials? What effect will this have on FDA's assessment?

Has the drug yet entered Phase III trials, if so when? Are preliminary data available? Is it the only Abbott cytostatic agent in advanced clinical trials?

The drug is in Phase I trials for other cancer types. Animal studies (Abbott's or general literature knowledge?) indicate that there is potential for other non-cancer conditions? Would Hancock receive royalties for these too; put another way, is Hancock buying royalty shares for all sales of the compound, or for just prostate cancer?

For advanced PCa, hormone therapy is the main treatment, but treatment becomes ineffective after two to three years with reduced life expectancy of only 12 months, and no chemotherapy has shown promise for these patients. Perhaps we should "spot-check" the accuracy of these statements. (Patients resistant to hormone therapy are called HRPCa.)

Novatrone (Novantrone/Immunex) is the only drug for HRPCa with pain. We should perhaps ascertain its promise as a competitor, as a "spot-check" on Abbott's reasoning.

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Are there enough HRPCa patients to justify Abbott's \$1 billion projected sales of the drug, especially since there are at least 10 competitive drugs in advanced clinical trials? How will PSA testing eventually reduce the number of patients with metastatic disease? I believe it has a great success in the US.

ABT-773 (a new class of antibiotics for bacteria resistant to present antibiotics)

We should MedLine and business database search ketolide antibiotics to independently determine their promise. Then an expert like Stuart Levy should be consulted. Andy Onderdonk might also be able to supply the names of experts for us.

Phase II clinical trial results look impressive to me: highly efficacious against four bacteria. Why did they pick those four bacteria? Since the multicenter phase II clinical trials were completed in April 1999 and the data have been analyzed, the drug should be in phase III. Is it? How far along?

Antibiotic clinical trials are relatively straight forward, the infection disappears and the patient gets better in short time.

Adventis' ketolide (telithromycin/Ketek) is ahead with an NDA filed 3/00. Has it been approved? How does Abbott's ketolide compare?

ABT-594 (cholinergic channel modulator (chCM), initial indication is for diabetic neuropathic pain).

The drug, according to Abbott, is expected to be the first cholinergic channel modulator on the market. How promising is this approach compared to others? We should look at the phase IIa results.

There may be a problem with the therapeutic window. Phase I studies indicated a maximum tolerated dose of 150 ug/day for an oral formulation. Abbott says for capsules results "suggest that higher doses can be tolerated." How much higher? Phase IIa studies suggest "a trend towards analgesic effect at 75 ug bi daily (BID). Thus, the therapeutic window may only be slightly greater than one, and about 10% of patients at 75 ug BID had a number of uncomfortable side effects such as headaches, nausea, etc. There appears to be some risk of not passing phase II clinical trials. We should perhaps get an assessment from a pain clinical-trials expert.

While the initial indication is narrowly defined as diabetic neuropathic pain, the ultimate market is for neuropathic chronic pain in general. This is an underserved market accrding to Abbott.

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Pregabalin/Park-Davis is in Phase III (for neuropathic pain?) and is expected to be introduced in 2001. GV 196771 Glaxo is in phase II for neuropathic and chronic pain. These appear to be serious competitors, we should learn what we can about them from the literature, and an expert assessment.

A-254751 (binds to the colchicine site on tubulin to inhibit microtubule formation, for MDR resistant tumors)

The drug "inhibits the *in vitro* polymerization of microtubules." Also inhibits a broad spectrum of tumor-derived human cell lines including those that are pacitaxel and doxorubicin resistant due to MDR and other phenotypes. This meets a important market need.

In animal synergic (definition?) and xenograft models, "A-254751 demonstrated impressive oral anti tumor activity."

In dogs, there have been adverse cardiovascular effects (caused by vasoconstriction?), that have not been observed in patients. Does this mean that Phase I trials are underway, completed?

Abbott states that it will thoroughly quantify the risk from vasoconstriction in humans caused by intermittent and repeated dosing of the drug. The drug may well present too big a risk to humans and not make it out of phase I. What is Abbott's current status and assessment of the drug?

There are seven competitive colchicine site ligands in development by competitors. Three have been abandoned in Phase I (not safe) and one in phase II (why?). Three are still actively being developed. This both highlights the safety risk and the promise. We need a cancer experts assessment of the safety and promise of the approach (either Peter Glazer or someone he recommends).

I am surprised that their maximum sales estimate is less than \$1 billion, as drugs that are effective and can defeat MDR should find high usage in a total cytotoxic market of over \$7 billion.

ABT-518 (matrix metallo proteinase inhibitor program, cytostatic therapy for late stage breast, NSCL (non-small cell lung cancer), ovarian, and pancreatic cancers)

The MMP enzymes are elevated in cncer and are associated with the ability of cancers to metastasize. Inhibitors of MMP's may suppress tumors by suppressing invasion of the cancer into the blood and they may also suppress angiogenesis. Since they don't attack the tumor cells themselves, they are called cytostatic agents and represent chronic therapy. These may be small

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molecule competitors to EntreMed's (Folkman's lab) angiogenesis drugs.

Abbott states that there are more than 200 compounds in development for cytostatic targets.

This is a program targeting gelatinase A and gelatinase B, because Abbott claims these two MMP's are particularly important in tumor progression. We should see what the literature says about the promise of gelatinase targeting as opposed to other enzymes involved in invasion.

Would Hancock's rights extend to all MMP inhibitors developed in the program or be limited to ABT-518?

Therapeutic window of 20 in rats bodes will to the drug.

These agents have the advantage that they can be given in combination with current therapy, so the FDA may allow clinical trials on early-stage cancer patients which would expand potential market too. In addition, in my view, these add-on combination therapies have unusual promisebut are high market risk because they are new.

AB518 has been tested in animals with good pharmacokinetics and toxicology.

Abbott expects sales to begin in 2006 peaking in 2012. This means the whole clinical trial process will take about 6 years which is about right for trials today. Will this drug enter Phase I this year, so that the time schedule can be met?

FTI program (farnesyltransferase inhibitors which either block farnesylation of RAS or RhoB, cytostatic therapy for late stage breast, NSCL, ovarian, and pancreatic cancers)

These agents appear to inhibit angiogenesis, and so are cytostatic agents.

According to Abbott, "farnesyltransferase inhibitors have demonstrated impressive anti tumor activity in preclincal models with activity equivalent to or better than that achieved with conventional cytotoxic chemotherapy given at maximal tolerated dose."

This approach is validated by the fact that there are 12 competitor drugs in development, five in clinical trials. Abbott may be late in a crowded field. Janssen Pharmaceutica/R-11577 is in Phase III and Schering-Plough/Sch66336 is in Phase II. We should learn about the promise of these two drugs, both to assess the real promise of the approach and the potency of the competition.

While Abbott is not yet in clinical trials, has it picked a promising candidate?

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Urokinase inhibitor program (serine protease that activates plasminogen to plasmin which breaks down basement membrane and interstitial matrix, cytostatic therapy for late stage breast, NSCL, ovarian, and pancreatic cancers)

Urokinase breaks down basement membrane and interstitial matrix required for tumor growth and metastasis.

Abbott's urokinase program is more advanced than competitors (at least seven competitors in preclinicals) with potency 20 fold more than nearest competitor.

Again, the number of competitors developing urokinase inhibitors validates the approach.

JOHN HANCOCK LIFE INSURANCE COMPANY

Bond & Corporate Finance Group

Report Date:

September 21, 2000

Recommendation to B.I.C.:

September 21, 2000

Report to C.O.F.:

October 10, 2000

Private

Purchase Recommendation

GBSA	\$	110 mm	GBRE	\$ 20 mm
CLDBLK	\$	30 mm	OPNBLK	\$ 4 mm
PENPAR	\$	9 mm	IQA	\$ 15 mm
LOLA	\$	$8 \mathrm{mm}$	GRPLTC	\$ 4 mm
RETLTC	\$	$7 \mathrm{mm}$	GRPINS	\$ 2 mm
BOLI	\$	4 mm	UNIVRSL	\$ 5 mm
IPLI	ፍ	2 mm		

ABBOTT LABORATORIES ("Non-Recourse")

North Chicago, IL

We are recommending a \$220 million commitment to fund research and development expenses for a basket of eight pharmaceutical products ("Program Compounds") currently under development by Abbott Laboratories ("Abbott"). The commitment will be funded over a four-year period and will be subject to Abbott Laboratories co-funding at least two times our commitment on the Program Compounds during the same period of time. In return for the research and development payments, Abbott will agree to pay John Hancock milestone and royalty payments for each Compound that reaches regulatory approval and has commercial sales. The purpose of this transaction is to allow Abbott to increase its expenditures on research and development (to generate future growth in revenues and earnings) but to maintain current

The Program Compounds are a diversified pool of eight compounds owned by Abbott Laboratories and in various stages of clinical development. The Compounds are divided between late-stage and early-stage, including three Phase III, two Phase II, one Phase I, and two pre-clinical compounds. The Compounds are well-diversified from a disease/stage perspective, although several compounds are focused on the cancer market. Even within the cancer market, though, each of the Compounds targets either different types of cancer, or different mechanisms of action. Based on their current stage of development and projected sales levels, we think that the Program Compounds have a current market value of approximately \$1 billion. During the term of the transaction, we expect Abbott to spend approximately \$1.3 billion (including John Hancock's commitment) on further research and development for the Compounds.

Through the management fee and anticipated milestone payments, we expect to generate at least an 8% return on investment during the initial four years of the transaction. The average return is approximately 17.5% over 15 years. If we assume that we could sell our future royalty stream after the fifth year, our average five-year IRR would be about 22%.

The transaction is structured to provide a one-to two percent probability of total loss combined with a oneto-two percent chance of not earning a return. This is approximately equivalent to a 60 basis point annual loss over five years - or a "Ba1" credit rating. The expected return of 17.50% is attractive relative to the risk of the transaction.

Report Authors:

Stephen J. Blewitt, Managing Director Scott Hartz, Managing Director (t:\industrials\sjb\yellows\abbott-yo3.doc)

JOHN HANCOCK LIFE INSURANCE COMPANY

Bond & Corporate Finance Group

Report Date:

September 21, 2000

Recommendation to B.I.C.:

September 21, 2000

Report to C.O.F.:

October 10, 2000

Private

Purchase Recommendation

GBSA	\$110 mm	GBRE	\$20 mm
CLDBLK	\$ 30 mm	OPNBLK	\$ 4 mm
PENPAR	\$ 9 mm	ΙQΑ	\$15 mm
LQLA	\$8 mm	GRPLTC	\$ 4 mm
RETLTC	\$ 7 mm	GRPINS	\$ 2 mm
BOLI	\$ 4 mm	UNIVRSL	\$ 5 mm

IPLI \$ 2 mm

ISSUER:

Abbott Laboratories (Non-recourse)

ISSUE:

\$220 million Research and Development Funding Commitment

ISSUE RATING:

JH: Ba2

BROKER:

Direct

SIC CODE:

2830 - Drugs

USE OF PROCEEDS:

To fund the research and development of eight pharmaceutical products ("Program Compounds") owned Abbott, and to pre-fund management fees and projected milestone payments, and to pay for transaction and administrative expenses.

STATE OF INC.:

Illinois

CIRCLE DATE:

August 31, 2000

TAKEDOWN DATE:

Upon completion of documentation

PROGRAM PAYMENTS:

During the Program Term, and in consideration of Abbott's continuing performance of the research services under the Research Plan, John Hancock shall make program payments to Abbott in the installments and on the dates set forth below:

<u>Date</u>	<u>Payment</u>
[December,] 2000	\$50,000,000
[December,] 2001	\$55,000,000
[December,] 2002	\$55,000,000
[December,] 2003	\$60,000,000

[&]quot;Program Term" means the period commencing [December,] 2000 Date and ending on [December,] 2004.

[&]quot;Research Plan" means a detailed statement of Abbott's objectives, activities, timetable, FTE allocation and budget for the Program Compounds during the Program Compounds during each year of the Program Term. Abbott shall provide an updated research plan on an annual basis.

Abbott Obligations

During the Program Term, Abbott agrees to spend, in addition to the funds provided by John Hancock, (i) a minimum of \$50 million per year and (ii) a minimum of \$400 million in aggregate on research and development programs associated with the Program Compounds.

Program Payment Termination Provisions

Unless the parties agree upon an alternative arrangement, if Abbott (a) ceases research and development of all Program Compounds or (b) does not spend at least the amount provided by John Hancock in a year on the research and development of Program Compounds or (c) does not reasonably demonstrate, in its updated research plan, its intent to spend a minimum of the amount provided by John Hancock in the next year of the Program Term or \$620 million (including the funds provided by John Hancock) in aggregate, John Hancock's obligation to continue to make Program Payments shall cease. In the case of either (a) or (b) above, Abbott will refund to John Hancock \$55 million minus half of the amount actually spent by Abbott during that year.

Carryover Provisions

If Abbott spends the amount provided by John Hancock in a year but does not spend at least an additional \$50 million, Abbott agrees to spend the difference between \$105 million and the amount actually spent in that year (the "Carryover Amount") in the subsequent year. John Hancock's obligation to make Program Payments in the subsequent year, if any, will be deferred until that time that Abbott demonstrates that it has spent the Carryover Amount in that subsequent year.

If Abbott spends the amount provided by John Hancock in each year and at least an additional \$50 million in each year, but does not spend a minimum of \$620 million (including the funds provided by John Hancock) in aggregate on research and development programs associated with the Program Compounds during the Program Term, Abbott agrees to spend the difference between \$620 million and the aggregate amount actually spent (the "Aggregate Carryover Amount") in the subsequent year. If Abbott does not spend the Aggregate Carryover Amount in the subsequent year, Abbott will refund to John Hancock one-third of the difference between (a) \$620 million and the amount actually spent.

MANAGEMENT FEE:

Commencing with the first anniversary of the Program Term and continuing until the end of the Program Term, Abbott shall pay John Hancock a fee in the amount of \$2.0 million per year as compensation for monitoring Abbott's continuing performance of its research services under the Research Plan, the development of the Program Compounds, and to reimburse John Hancock for its ongoing fees and expenses incurred in connection with this transaction.

MILESTONE PAYMENTS:

Abbott shall make the following payments for each compound for each milestone achieved after commencement of the Program Term:

Upon the allowance of an IND application by the FDA: \$1,000,000

Upon the initiation of a Phase I Clinical Trial: \$2,000,000

Upon the initiation of a Phase II Clinical Trial: \$3,000,000

Upon the initiation of a Phase III Clinical Trial: \$4,000,000

Upon the filing of an NDA application with the FDA: \$5,000,000

Upon NDA Approval by the FDA: \$10,000,000

Aggregate milestone payments paid by Abbott, for all "non-NDA Approval" milestones achieved will not exceed \$12 million. Aggregate milestone payments paid by Abbott, for all "NDA Approval" milestones achieved will not exceed \$40 million. In addition, "non-NDA Approval" milestone payments will not exceed \$3 million in the first year or \$6 million in the second year after commencement of the Program Term.

ROYALTY PAYMENTS:

Abbott shall pay to John Hancock royalties on aggregate worldwide Net Sales of Program Compounds (all Program Compound sales combined) at the following rates:

Annualized Net Sales of

Aggregate Program Compounds	Royalty Rate
\$0 to \$400 million	8%
>\$400 million and ≤ \$1,000 million	4%
>\$1,000 million and ≤ \$2,000 million	1%
>\$2,000 million	1/2%

The obligation to make royalty payments shall commence on the date of the First Commercial Sale of a Program Compound and shall continue with respect to Net Sales of such Program Compound for a period of ten years. Not withstanding the foregoing, the obligation to make royalty payments on all Program Compounds shall not begin until after the second anniversary of the Program Term and shall cease at December 31, 2014.

HANCOCK HOLDINGS:

None

RELATED HOLDINGS:

\$29,000,000 Preferred Stock of Metabolex Corporation with Put Rights

to Abbott

ANALYST:

Stephen J. Blewitt

HOUSE COUNSEL:

Amy Weed

SPECIAL COUNSEL:

Choate, Hall & Stewart

Report Authors:

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TRANSACTION OVERVIEW

In December 1999, John Hancock approached Abbott Laboratories, Inc. ("Abbott") with a financial structure that would allow Abbott to increase its research and development expenditures (to generate future growth in revenues and earnings) but maintain current earnings. The structure, which is presented in this investment recommendation, uses probability analysis on a diversified portfolio of drug compounds, supplemented by scientific due diligence, to achieve an investment grade or near investment grade risk for John Hancock and allow us to generate equity returns in the form of current (royalty) income for a sizeable investment.

This transaction requires John Hancock to commit to funding an average of \$55 million per year for a period of four years to fund the research and development of a diversified pool of eight compounds ("Program Compounds") owned by Abbott Laboratories. We have valued the Program Compounds today at approximately \$1 billion (or five times our investment) and we expect Abbott to spend over seven times our investment during the term of the transaction (during the initial four year period, Abbott will commit two times John Hancock's investment for those compounds). In return for the research and development payments, Abbott will agree to pay John Hancock milestone and royalty payments for each compound that reaches regulatory approval and has commercial sales as well as a management fee.

Through the management fee and anticipated milestone payments, we expect to generate at least an 8% return on investment during the initial four years of the transaction... The average return is approximately 17.5% over 15 years. If we assume that we could sell our future royalty stream after the fifth year, our average five-year IRR would be about 22%.

This transaction is consistent with our approach to investing in the pharmaceutical sector. During the past five years, we have invested approximately \$460 million in pharmaceutical companies. Approximately \$300 million is invested in straight debt for investment grade companies. The remaining \$160 million is invested in equity-oriented transactions where we think that there are opportunities for exceptional value. Although we have invested in a couple of straight equity transactions, approximately \$150 million of the \$160 million is invested in transactions where our downside risk is protected by either "put rights" to investment grade companies (Metabolex, Nexell), senior note positions (Celgene, Cubist), or structured portfolios of drug candidates (Pharma Marketing). In these transactions, we maintain sizable up-side potential but reduce the probability of losing all of our invested capital through the structure of our investment.

In summary, we think that the structure of this transaction, which has us co-investing with Abbott Laboratories in a diversified pool of their drug compounds, which we believe have a current value of approximately \$1 billion, over a four year period, during which time Abbott has to meet co-investment obligations and the drug compounds need to continue to progress in development, allows us to generate substantial current income that exceeds the risk associated with the transaction. Although we are committing to a substantial \$220 million investment, our expectation is that our net investment will not exceed \$176 million (due to management fees, milestone payments, and royalty payments).

The transaction is structured to provide a one-to-two percent probability of total loss combined with a one-to-two percent chance of not earning a return. This is approximately equivalent to a 60 basis point annual loss over five years — or a "Ba1" credit rating. The expected return of 17.50% is attractive relative to the risk of the transaction.



Expected accounting treatment

There have been a number of royalty streams sold off in the form of an asset backed security. The most visible example is the David Bowie bond bought by Prudential Insurance. While this royalty transaction has many similar features, it is also different in that it is funded over a four year period and no royalties are currently being generated. We believe that at the end of the funding period we will be able to obtain a rating on the transaction that will allow it to be placed on our bond schedule. In the meantime, it will appear on our BA schedule. We plan to account for this investment using the guidance in ruling 9920 of the Emerging Issues Task Force. Ruling 9920 requires that each year, or more often if the assumptions change, we will project the expected cash flows and book income equal to the internal rate of return. Any changes to the expected cash flows will be spread over the remaining life of the transaction through the newly calculated IRR. This is the same method we use to account for our CBO equity investments. Initially we expect the IRR on this investment to be approximately 17%.

OVERVIEW OF ABBOTT LABORATORIES

Abbott Laboratories is engaged in the discovery, development, manufacture and sale of healthcare products and services. Abbott has five reporting revenue segments: Pharmaceutical Products, Diagnostic Products, Hospital Products, Ross Products and International. It also has a 50%-owned joint venture, TAP Holdings, Inc. The principal products of the Pharmaceutical Products Division are the anti-infectives clarithromycin, agents for the treatment of epilepsy, migraine and bipolar disorder, including Depakote; urology products, including Flomax for the treatment of BPH; Abbokinase, a thrombolytic drug, and the anti-viral Norvir, a protease inhibitor for the treatment of HIV. The Diagnostic Division's products include diagnostic systems and tests for blood banks, hospitals, and commercial laboratories. The Hospital Products Division sells drugs and drug delivery systems, intensive care products, cardiovascular products, renal products, and intravenous and irrigation solutions. The Ross Products Division sells adult and pediatric nutritionals such as Similac, Isomil, Ensure, Glucerna, and Pedialyte. The International Division's products include a broad line of hospital, pharmaceutical, and adult and pediatric nutritional products marketed and primarily manufactured outside the United States.

For the year ended December 31, 1999, Abbott had revenues and net income of approximately \$13.2 billion and \$2.4 billion, respectively. Abbott is rated "Aaa" by the major rating agencies. As of September 18, 2000, Abbott had a market capitalization of approximately \$74 billion.

ABBOTT LABORATORIES CONSOLIDATED STATEMENT OF OPERATIONS

(S in thousands)		Fiscal Years End: December 31,	ed
	1997	1998	1999
Net Sales	\$11,889	\$12,512	\$13,177
Costs and expenses: Cost of goods sold	5,052	5,406	5,977
Selling, general and administrative	2,695	2,759	2,857
Research and development	1,307	1,228	1,193
Total operating expenses	9,055	9,395	10,028
Operating income	2,833	3,117	3,149
Net interest expense	85	102	81
Other charges	(186)	(223)	(330)
Income (loss) before taxation	2,934	3,241	3,396
Net income (loss)	\$2,079	\$2,331	\$2,445

TRANSACTION DETAILS

A. PROGRAM COMPOUNDS

There are eight Program Compounds included in this transaction. The Compounds are divided between late-stage and early-stage, including three Phase III, two Phase II, one Phase I, and two pre-clinical compounds. The Compounds are well-diversified from a disease/stage perspective, although several compounds are focused on the cancer market. Even within the cancer market, each of the Compounds targets either different types of cancer, or different mechanisms of action. The products are described more fully below:

		JH Est. Peak		
Product	Indication	Sales (\$mm)	Stage of Developme	nt
ABT 980	Treatment of benign prostatic	600	Development Stage:	Phase III
(BPH)	hyperplasia		Expected Launch:	2003
ABT 773	Antibiotic	800	Development Stage:	Phase III
(Ketolide)	•		Expected Launch:	2003
ABT 627	Treatment of prostate cancer	700	Development Stage:	Phase III
(Endothelin)			Expected Launch:	2003
ABT 594	Non-opiod, non-NSAID analgesic	700	Development Stage:	Phase II
(CCM)			Expected Launch:	2004
E7010	Cancer	500	Development Stage:	Phase I/II
(Anti-mitotic)			Expected Launch:	2004
	Cancer	400	Development Stage:	Phase I
MMPI			Expected Launch:	2005
	Cancer	400	Development Stage:	Pre-clinical
FTI			Expected Launch:	2005
	Cancer	400	Development Stage:	Pre-clinical
Urokinase			Expected Launch:	2005

B. SUMMARY OF ESTIMATED SALES

In estimating sales projections by Program Compound, we started with determining the expected peak sales for each Compound. We have conservatively estimated the peak sales for each Compound based on our evaluation of market potential for each Compound relative to results for other similar drugs and expected competitive drugs. In general, our level of peak sales is significantly below Abbott's level (approximately 25%) — but, because of the tiered royalty structure, the relative economic difference is not significant. Our next step was to use a Sales Curve calculated by Lehman Brothers that projects ramp-up and ramp-down for sizeable drugs. In general, this Curve shows peak sales being reached seven years after launch. Ramp-up is achieved by 5% of peak sales in the first year, followed by 13%, 25%, 50%, 80%, and 90%. Peak sales are maintained for three years, and the compound then achieves 85% of peak, 75%, 70%, etc. As expected, every compound has its own unique curve, and Lehman's is only a general estimate. We have compared the curve to IMS data of prescription sales for individual compounds in a number of drug classes from 1981 to 1999. Our analysis indicates that Lehman's curve is a good fit and we have applied that curve. The table below shows projected sales for each Compound and probability-weighted estimated sales for the entire portfolio of Compounds.

ESTIMATED SALES PROJECTION

(5 in millions) Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Projected Sales					404		600	COO	600	510	0	0
ABT-980 (BPH)	30	7 8	180	300	480	540	600	600			=	=
ABT-627 (Endothelin)	35	91	210	350	560	630	700	700	700	595	0	0
ABT-773 (Ketolide)	40	104	240	400	640	720	800	800	800	680	0	0
• • • •	70	35	91	210	350	560	630	700	700	700	595	0
ABT-594			52	120	200	320	360	400	400	400	340	0
E7010 (Anti-mitotic)		20	54	120	200	3=0	300					
MMPI								240	*00	400	400	340
FTI			20	52	120	200	320	360	400	400	400	340
Urokinase					<u>,</u>							
Total Projected Sales	105	328	793	1,432	2,350	2,970	3,410	3,560	3,600	3,285	1,335	340
Estimated Sales	76	225	531	932	1,510	1,837	2,068	2,129	2,138	1,908	530	74

For projection purposes, MMPI, FTI and Urokinase are considered as one Program Compound with a Phase I probability of success.

C. MILESTONE AND ROYALTY PAYMENTS

Under the Agreement, Abbott agrees to pay to John Hancock royalties on aggregate worldwide Net Sales of Program Compounds (all Program Compound sales combined) at the following rates: 8% on the first \$400 million, 4% on the next \$600 million, 1% on the next \$1 billion, and 1/2% on any amount above \$2 billion. Abbott's obligation to make royalty payments will commence on the date of the First Commercial Sale of a Program Compound and will continue with respect to Net Sales of such Program Compound for a period of ten years. Not withstanding the foregoing, the obligation to make royalty payments on all Program Compounds will not begin until after the second anniversary of the Program Term and will cease at December 31, 2014. Based on our estimate of aggregate sales for the Program Compounds, we expect the following amounts of Royalty Payments:

(5 in millions) Name	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Estimated Sales	76	225	531	932	1,510	1,837	2,068	2,129	2,138	1,908	530	74
Royalty Payments												_
8.0% on \$400 mm	6	18	32	32	32	32	32	32	32	32	32	6
4.0% on \$400-\$1,000	0	0	5	21	24	24	24	24	24	24	5	0
1.0% on \$1,000 - \$2,0	ů	0	0	0	5	8	10	10	10	9	0	0
			0	ō	0	0	0	1	1	0	0	0
0.5% on \$2,000+	0	0	U	U	U	U	v		•	-	·	
Total Royalty Pymts	6	18	37	53	61	64	66	67	67	65	37	6
(average percent)	8.0%	7.0%	5.7%	4.0%	3.5%	3.2%	3.1%	3.1%	3.1%	3.4%	7.0%	8.0%

In addition to the Royalty Payments, Abbott will be obligated to make payments to John Hancock for certain milestones achieved for each compound. The milestone and the corresponding payments are described below. Aggregate milestone payments paid by Abbott, for all "non-NDA Approval" milestones achieved will not exceed \$12 million. Aggregate milestone payments paid by Abbott, for all "NDA Approval" milestones achieved will not exceed \$40 million. In addition, "non-NDA Approval" milestone payments will not exceed \$3 million in the first year or \$6 million in the second year after commencement of the Program Term.

> Upon the allowance of an IND application by the FDA: \$ 1,000,000 Upon the initiation of a Phase I Clinical Trial: \$ 2,000,000 \$ 3,000,000 Upon the initiation of a Phase II Clinical Trial: Upon the initiation of a Phase III Clinical Trial: \$ 4,000,000 Upon the filing of an NDA application with the FDA: \$ 5,000,000 \$10,000,000 Upon NDA Approval by the FDA:

Based on the number of Compounds in the Program and the number of potential milestones for each Compound, we expect to receive \$3 million, \$6 million, and \$3 million of "non-NDA" milestone payments in the first three years. In addition, we expect to receive \$20 million in 2003 and \$10 million in 2004 for NDA Approvals.

In aggregate, the management fees, milestone payments, and royalty payments are approximately 4.3% of Net Sales of the Program Compounds. The tiered structure of the royalty payments and the up-front milestone payments, however, substantially reduce the downside of the transaction in the event that aggregate net sales are below our expected case. For example, if sales were 25% below projected, a flat 4.3% royalty rate would yield a loss ratio of 4% versus a loss ratio of 1.6% when using the tiered structure.

D. ESTIMATED CASH FLOW PROJECTIONS

Based on the calculations of Net Sales and Milestone and Royalty Payments, which are described above, the Cash Flow of this transaction is as presented in the table below. In particular, the structure provides for adequate current income during the first two-to-three years when there are no approved Compounds, and substantial current royalty income based on Net Sales of approved Compounds.

(\$ in millions) Name	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
JH Cash Payments	(50)	(55)	(55)	(60)											
Management Fee	0	2	2	2	2										
Milestone Payments	0	3	6	23	10										
Royalty Payments	0	0	0	6	18	37	53	61	64	66	67	67	65	37	6
Aggregate Cash Rev'd	0	5	8	31	30	37	53	61	64	66	67	67	65	37	6
JH Net Cash Flow	(50)	(50)	(47)	(29)	30	37	53	61	64	66	67	67	65	37	6

The projected bond equivalent yield for this transaction is approximately 17.5% and the cash to invested capital ratio is 2.7 times.

E. SUMMARY BUDGET

Abbott will be using the funds from this transaction to invest in the research and development of a specific pool of drug compounds, and to pre-fund management fees and projected milestone payments. These funds will be part of a total investment by Abbott of approximately \$1,300 million during the next ten years and \$900 million over the four year co-investment period. In addition, based on the stage of the development of the Program Compounds, and their expected sales, we have valued the Program Compounds today at approximately \$1 billion. Our valuation is based on our knowledge of "out-licensing" transactions between pharmaceutical companies and the milestone and royalty structure that is market for different stage compounds. In general, out-license transactions provide the licensor with a royalty rate of between 10% (for Phase I compounds) to 30% (for Phase III compounds) and a 50/50 split for compounds that have completed Phase III. Using an average 20% royalty applied to estimated sales and a 15% discount rate, we arrived at a value of approximately \$1 billion.

The following table summarizes the Company's expected budget during the Program Period:

(S in millions) Name	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Projected Budget								10	• •	10	10	220
ABT-980 (BPH)	80	40	30	30	20	20	10	10	10	10	10	270
ABT-627 (Endothelin)	40	40	20	20	20	20	20	10	10	10	10	220
ABT-773 (Ketolide)	135	60	42	42	27	27	27	17	17	17	17	428
ABT-594	70	80	30	20	20	20	20	20	10	10	10	310
E7010 (Anti-mitotic)	20	30	35	20	30	10	10	5	5	5	. 5	175
MMPI	20	30	35	20	23	15	15	5	5	5	. 5	178
FTI	5	10	37	17	15	15	5.	5	5	5	5	124
Urokinase	15	25	35	33	15	15	5	5	5	5	5	163
Total Projected Budget	385	315	264	202	170	142	112	77	67	67	67	1,868
Estimated Budget	327	250	201	134	90	81	66	45	40	40	40	1,314

TRANSACTION ANALYSIS

The structure of this transaction (which includes a diversified pool of eight Abbott compounds, and a tiered royalty structure) offers a substantial likelihood that we will receive a long-term bond equivalent yield of approximately 17.5% which is substantially greater than the inherent risk of the transaction.

Expected Return.

Methodology

Determining the fair economics of the proposed transaction is highly dependent upon the number of compounds included, the characteristics of the compounds (i.e. status of development, potential sales), the structure of the royalty rates, and an estimation of what is a fair return. To help us answer these questions, we have taken several steps. First, we have researched industry standards for likelihood of success and probable sales curves for compounds in different stages of development. Second, we have developed a spreadsheet model that calculates the rate of return for a chosen portfolio and have developed a minimum number of compounds and associated milestone/royalty payments to provide us with returns that adequately compensate us for the risk we are taking. Third, we have tried to determine what rate of return the capital markets would require for the level of risk that we are willing to take.

The Program Compounds consist of five of Abbott's late-stage development compounds and a basket of three pre-clinical cancer compounds. The late-stage compounds range from mid-Phase II to starting Phase-III. Peak annual sales for these compounds range from \$400 million to \$800 million. With the exception of the "cancer basket", the compounds are independent of each other. Our due diligence provided us with results consistent with Abbott's representations and expectations for the Program Compounds, although we have scaled back sales projections significantly.

Our scientific and market diligence for the portfolio of compounds consisted on a number of steps. As a first step, we received internal scientific and business write-ups from Abbott for each Program Compound. The material provided by Abbott demonstrated the scientific rationale for the compounds, results of clinical trials, and a competitive analysis. Through financial reports, we searched for all references to Abbott's compounds and all references to competitive compounds in the same class or same disease category. We used this information to evaluate the potential size of markets for the Program Compounds and their competitive landscape. We engaged Dr. Lynn Klotz to search the major drug and medical databases for scientific reports on the Program Compounds and competitive compounds in the same class or same disease category. We used this information to evaluate, from a scientific perspective, what research scientists had discovered about the Program Compounds from an efficacy and safety perspective. We also used this information to identify potential experts to contact for additional questions. Finally, Dr. Klotz contacted the experts on a non-disclosure basis (not revealing that we were looking at Abbott compounds) and asked the experts to assess the Program Compounds and any potential competitive products from an efficacy and market potential perspective. In summary, none of our diligence revealed any information that was materially different than what Abbott had provided to us.

Dr. Lynn Klotz is a former professor of Biochemistry and Molecular Biology at Harvard University and a former officer of two biotechnology companies, BioTechnica and Codon. Dr. Klotz is currently an independent consultant. His most recent assignment was as a member of a four-person team consulting with the President of Mississippi State University to provide a strategic plan for their Life Sciences Institute.

Probabilities of Success

Based on the development stage of each compound, we assigned probabilities of success ("regulatory approval") and time to success for each compound. Our probabilities of success come from a 1995 study by Dr. Joseph A. DiMasi at the Tufts Center for the Study of Drug Development, and were modified based on our specific knowledge of the Program Compounds. Dr. DiMasi's study is generally accepted by the pharmaceutical industry as an accurate assessment of the probability of success and of the time and costs associated with drug development. Dr. DiMasi looked at a random sample of 93 compounds in four broad disease categories from 12 pharmaceutical companies that were first tested in humans between 1970 and 1982.

Dr. DiMasi's results are summarized below:

PROBABILITY OF SUCCESS

Entering Phase	NSAID	Cardio- vascular	Anti-infective	Neuro-pharm	All
İ	22%	26%	30%	20%	23%
II	30%	41%	38%	22%	31%
III	71%	72%	77%	51%	63%

Dr. DiMasi calculated the average time to approval as 8.75 years for compounds entering Phase I, 7.5 years for compounds entering Phase II, and 5.5 years for compounds entering Phase III. Embedded in these times was an approximately 30-month review process by the FDA. Due to legislative and process changes, the average FDA review time is now approximately 12 months. A revised timeframe for approval (which was been published by TCSDD in 1999), based on accelerated review by the FDA, and quicker processes within the pharmaceutical companies, is 6.0 years for Phase I, 5.0 years for Phase II, and 3.0 years for Phase III.

Sales Estimates

In estimating sales projections by Program Compound, we started with determining the expected peak sales for each Compound. We have conservatively estimated the peak sales for each Compound based on our evaluation of market potential for each Compound relative to results for other similar drugs and expected competitive drugs. In general, our level of peak sales is significantly below Abbott's level (approximately 25%) — but, because of the tiered royalty structure, the relative economic difference is not significant. Our next step was to use a Sales Curve calculated by Lehman Brothers that projects ramp-up and ramp-down for sizeable drugs. In general, this Curve shows peak sales being reached seven years after launch. Ramp-up is achieved by 5% of peak sales in the first year, followed by 13%, 25%, 50%, 80%, and 90%. Peak sales are maintained for three years, and the compound then achieves 85% of peak, 75%, 70%, etc. As expected, every compound has its own unique curve, and Lehman's is only a general estimate. We have compared the curve to IMS data of prescription sales for individual compounds in a number of drug classes from 1981 to 1999. Our analysis indicates that Lehman's curve is a good fit and we have applied that curve. The table below shows projected sales for each Compound and probability-weighted estimated sales for the entire portfolio of Compounds.

Financial Model and Results

We've modeled the returns on this portfolio of drugs using a Monte Carlo simulation and assuming their probabilities of success are independent. Let's start, however, with some simplifying assumptions to get better intuition on the risk of the transaction. Assume the probability of success of each drug is 50%, the drugs are independent, and that the success of any one drug will give us a return of 8% on the transaction. In this case, we will lose all our investment only if all the drugs fail. The probability of this is $(1/2)^6 = 1.6\%$. Spread over a 4 year duration, the expected annual loss is 40 basis points which implies the same risk as a Baa3 bond. If only one drug is successful, which should occur with the probability of $(1/2)^6$ *(6!/1!) = 6/64 = 9.4%, the return, in our simplified model, is 8% on the entire investment. This is approximately 200 basis points over Treasuries. If two or more drugs are successful, the structure caps the investment's return at

This example is obviously a simplification. Each of the drugs has a different probability of success, depending upon how far along each is in the approval process, and a different revenue profile. To reflect the different probabilities and different revenue streams, we developed a spreadsheet model that incorporates multiple drug compounds (and their specific probability of success, time to launch, and expected sales pattern) and a variable milestone/royalty structure. We then ran the spreadsheet model 500 times to provide us a range of outcomes as well as the expected results for returns and losses.

In our base case, we have made the following assumptions:

Product	Ph <u>ase</u>	JH Probability Of Approval	Launch	JH Peak Sales
BPH	Phase III	65%	2003	\$600 mm
Ketolide	Phase III	70%	2003	\$800 mm
Endothelin	Phase III	70%	2003	\$700 mm
CCM	Phase II	50%	2004	\$700 mm
Antimitotic	Phase I/II	40%	2004	\$500 mm
MMPI	Phase I	10%	2005	\$400 mm
FTI	PC	10%	2005	\$400 mm
Urokinase	PC	10%	2005	\$400 mm

... and calculated the average bond equivalent yield of this scenario to be approximately 17.3%. It is important to note that the expected IRRs are over a long period of time (15 years). Assuming that we could sell our future royalty stream after the fifth year, our five-year IRR would be about 22%.

Analysis of Return

The last step of our analysis was to determine what a fair economic return for this transaction should be. We have benchmarked this transactions in a number of ways, such as: R&D vehicles for pre-clinical compounds were sold with expected IRRs (over a three-to-five year period) of approximately 40%; Hambrecht & Quist has estimated pharmaceutical IRRs for single phase-II compounds to be 40% and single phase-III compounds to be 25%; the Palisade Partners (Sony movies) transaction that we participated in last year has an expected IRR of 20%; Elan Pharmaceuticals' pooled transaction has an expected five-year IRR of 13%; limited partner equity funds have about a 25% expected net IRR; and our proprietary analysis of the equity market's IRR for Abbott's entire R&D pipeline of 16-22%. Based on these comparisons, we think that an IRR of 17% over a long period of time is reasonable.

We also evaluated the relationship between our investment (and Abbott's) in the entire portfolio and the average royalty rate that we expect to receive – which is approximately 4-5%. We estimate that the current value of the compounds that Abbott is contributing to the transaction is about \$1 billion. During the four year investment period, Abbott expects to invest \$800 million on the compounds, in addition to our \$200 million. Based on these amounts, our investment is approximately 10% of the total invested dollars. Most pharmaceutical companies earn about a 50% pre-tax margin (excluding R&D expenses) on sales. On a net basis, then, our expected royalty and milestone percentage should be about 5%.

Risk Analysis.

The fundamental risks of this transaction are whether Abbott receives marketing approval from the FDA for a sufficient number of the Program Compounds and whether the commercial success of the Compounds are as we expect. In developing the expected return, we have made a number of reasonable assumptions regarding the probability of obtaining FDA approvals, acceptance of the products in the marketplace and competition. In many cases, our assumptions are significantly more conservative than Abbott's.

Again looking at our base case (which is demonstrated in the Chart I on the next page), the probability of no successful drugs is approximately 1.7% (the bar on the left). There are also a number of scenarios that produce a return of approximately 1% - 2%. These scenarios arise when only a cancer drug is successful. The cancer drugs have lower anticipated revenues, as well as lower probabilities of success, than any of the other drugs. This represents about 1.6% of the scenarios. All other scenarios give us a return of 9% or more. Assuming a 1-2% return represents a loss of half our original investment, the expected loss in this simulation is $1.7\% + \frac{1}{2}*1.6\% = 2.5\%$. Spread over a four year duration, the annual expected loss is 62 basis points which corresponds to the risk of a Ba1 rated bond.

We also ran a downside simulation, where the probabilities of success are discounted by 25% from the DiMasi study and the expected revenues are discounted by 25% from our base case (this is shown in Chart II on the next page).

The average return in this downside scenario is 9.3%. The probability that no drugs are successful rises dramatically to 4.9%. The low return scenario is now even lower (-2%) and also has a higher probability (2.7%). So, the annual expected loss is (4.9% + .6*2.7%)/4 = 165 basis points which corresponds to the risk of a B1 rated bond.

CHART I BASE CASE

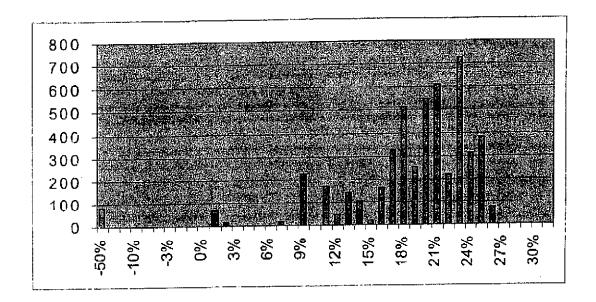
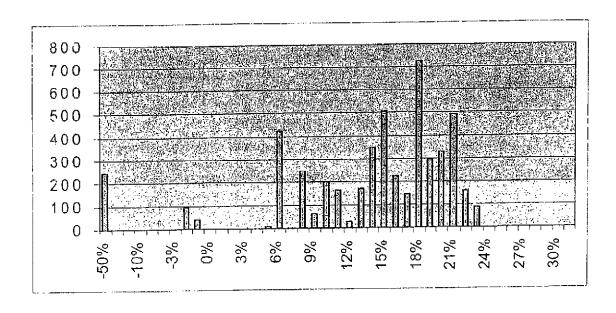


CHART II
DOWNSIDE SCENARIO



APPENDIX PRODUCT DESCRIPTIONS

ABT-980

ABT-980 is a selective alpha blocker for the treatment of benign prostatic hyperplasia ("BPH"), a disorder that effects approximately 10 million middle-aged and elderly males in the U.S. The primary sympton of BPH is obstruction of urinary outflow and increased frequency of urination. Global sales of BPH products is approximately \$2 billion and is expected to continue to grow as the population ages and as better treatments become available. Currently, alpha blockers, including Abbott's Hytrin which recently became generic, are the most frequently prescribed pharmaceutical treatment for BPH. ABT-980 has the benefit of other alpha blockers, but since it only inhibits alpha receptors in the urinary tract, side effects on the cardiovascular system and central nervous system are expected to be reduced substantially.

One other selective alpha blocker, Boehringer Ingelheim's Flomax, the FDA and has been on the market since 1999. Flornax's current sales are approximately \$300 million. Abbott completed Phase II clinical trials and entered Phase III trials this past summer. In its Phase II trials, Abbott demonstrated that it is effectively equivalent (based on safety and efficacy) to Flomax.

This mouth, Abbott has learned that in long-term studies with rats, that about 15% of the rats given ABT-980 developed gallstones. Abbott does not know if these results are applicable to humans and at what frequency; however, there is no evidence of gallstones in humans to-date. In addition to its usual clinical trials, Abbott will try to determine whether gallstones will develop in humans over the long-term and what implications that may have. If ABT-980 fails due to this gallstone issue, Abbott will replace ABT-980 with another compound.

Abbott expects to submit ABT-980 for approval in June 2002 and launch the product in August 2003. The patent on ABT-980 expires in 2016.

E-7010

E-7010 is a compound that Abbout licensed from Eisai Co. Ltd. in July 2000. E7010 has completed Phase I trials for various oncology applications. E7010 is an oral medication with a unique mechanism of action that enables it to stop cell mitosis with fewer side effects than current cytotoxic therapies. Although financial terms of the Abbott-Eisai agreement have not been publicly disclosed. Abbott is committing \$25 million in up-front and milestone payments to Eisai and will pay a double-digit royalty percentage on net sales. As a result of in-licensing E7010, Abbott has discontinued development of its own internally developed "anti-mitotic" compound.

Anti-mitotic compounds are not new. Taxol, the largest selling cancer drug, is an anti-mitotic. E7010, however, binds to a different site of a cell's microtubules than Taxol, and inhibits cell proliferation in a unique manner which is believed to cause fewer side effects.

E7010 has successfully completed Phase I clinical trials in Japan. These trials may be repeated in the U.S. but Abbott expects to move quickly into Phase II trials. Abbott expects to submit E7010 for approval in 2003 and launch the product in 2004. The patent on E7010 expires in 2011.

Our scientific consultants, Dr. Dennis A. Carson, UCSD School of Medicine, and Dr. John Kavanaugh, Jr., MD Anderson Cancer Center, did not have specific knowledge about the Abbott/Esai compound. However, each researcher provided us with consistent critical benchmarks to evaluate the compound (such as whether the compound has been tested against specific cancer cell lines, whether the compound has been tested in combination with other anti-cancer agents. We have confirmed that Abbott independently addressed these critical benchmark and received positive results.

CONFIDENTIAL JH 001200

ABT-773 (Ketolide)

ABT-773 is a member of a novel group of ketolide antibiotics within the macrolide group of antimicrobials. Ketolides have a similar mechanism of action to other macrolides such as Pfizer's Zithromax and Abbott's Biaxin. Unlike macrolide antibiotics, ketolides are active against s. pneumonia and h. influenza. The antibiotics market size is approximately \$25 billion; macrolides account for approximately 13% and have an increasing market share. Only one ketolide (Ketek) is in advanced clinical trials; this compound, discovered by Aventis, was approved for sale in Europe and was been submitted to the FDA for approval in February 2000. Aventis expects to launch Ketek in 2001.

ABT-773 entered Phase III clinical trials this past summer. Abbott expects to submit ABT-773 for approval in June 2002 and launch the product in August 2003. The patent on ABT-773 expires in 2016.

Our scientific consultant, Dr. Robert C. Moellering, Jr., Harvard Medical School and Beth Israel Medical Center, confirmed the scientific rationale for ketolides and their market potential. Based on information that he has seen, Dr. Moellering believes that ABT-773 has more promise than Aventis' Ketek.

ABT-594

ABT-594 is a non-opiod, non-NSAID analgesic compound that is orally-administered for the treatment of diabetic neuropathic pain. In animal models, the compound has been shown to be substantially more potent than morphine with a better side effect profile. Neuropathic pain is a substantial and underserved market. Approximately 4-5 million people are thought to suffer from neuropathic pain but only a few medications provide complete pain relief and most medications have significant side effects. As more effective and tolerable medications become available, the neuropathic pain market is expected to experience significant growth.

ABT-594 is currently in Phase II clinical trials. If Phase II and Phase III trials are successful, Abbott expects to submit ABT-594 for approval in May 2003 and launch the product in July 2004. The patent on ABT-594 expires in 2016.

Our scientific consultant, Dr. Mitchell Max, NIH, eliminated an initial concern of ours that the "therapeutic window" of ABT-594 was too short and would potentially block approval. Dr. Max indicated that ABT-594's therapeutic window was acceptable. Dr. Max was not able to fully address toxicity issues raised by two of Abbott's competitors that the compound demonstrated opiod-like side effects in mice. These toxicity issues have not been found by Abbott in its mice or human trials. Dr. Max believed that ABT-594 showed a good profile in mice.

ABT-627

ABT-627 is an inhibitor of a family of endothelin peptides that cause constriction of vascular muscles and stimulate cell proliferation. ABT-627 is currently being developed by Abbott for the treatment of prostate cancer, and other cancer types.

Prostate cancer ("PCA") is the most common cancer to strike non-smoking men. Approximately 1.7 million men live with prostate cancer in the U.S., and there are approximately 180,000 newly diagnosed cases each year. The primary treatment of advanced stage PCA is hormone therapy. Patients receiving hormone therapy become resistant to this treatment after two to three years and then have a life expectancy of only about twelve menths.

The primary benefit of ABT-627 is to reduce the pain associated with PCA and to delay the progression of the disease (but not necessarily improve survival).

ABT-627 is currently in Phase III clinical trials. If Phase III trials are successful, Abbott expects to submit ABT-627 for approval in December 2003 and launch the product in June 2004. The patent on ABT-627 expires in 2015.

Our scientific consultant, Dr. Joel Byron Nelson, MD, University of Pittsburgh, has indicated that ABT-627 is safe, significantly reduces pain associated with PCA, and delays disease progression.

MMPI

MMPI is an inhibitor of enzymes called matrix metalloproteinase that degrade a wide range of protein substrates. High expression of these enzymes occurs in cancer and is associated with the ability of tumors to grow, invade, develop new blood vessels and metastasize.

The MMPI field is competitive. More than 30 firms have filed patents and several companies have compounds in advanced clinical development. Abbott's MMPI has the potential competitive advantage of a better side effect profile. It appears to exhibit less arthritis and tendonitis of the upper joints that its competitors. This compound is currently being evaluated in Phase I clinical trials.

Abbott hopes to submit MMPI for approval in 2004 and launch the product in 2005. The patent on MMPI expires in 2018.

FTI

FTI is an inhibitor of enzymes called farmesyltransferase that assist certain proteins, such as the Ras protein, which are critical for malignant growths.

The FTI field is competitive. Approximately four compounds are in clinical development, and an additional five are in pre-clinical studies. Abbott has not yet chosen a specific FTI to enter into human clinical trials. It expects to enter human clinical trials in 2001

Abbott hopes to submit FTI for approval in 2004 and launch the product in 2005. The patent on FTI is not expected to expire prior to 2014.

Urokinase

Urokinase is an inhibitor of enzymes called urokinase which are believed to promote the metastases of numors by breaking down cell membranese.

The Urokinase field is less well-developed than MMPI and FTI. No compound has currently made it into clinical trials. Abbott is currently evaluating several compounds. If Abbott fails to take a Urokinase compound into clinical trials, Abbott will substitute another Phase I compound into the Program.

Abbott hopes to submit Urokinase for approval in 2004 and launch the product in 2005. The patent on Urokinase is not expected to expire prior to 2014.

Our scientific consultant, Dr. Edward Sausville, National Cancer Institute, has indicated that "cytostatic" therapies such as MMPI, FTI and Urokinase may be useful upon recurrence of cancer as a means to stopping the progression of the disease. He believes that they will be useful in combination with other therapies and may not be exceptional compounds by themselves.

Abbott Laboratories Global Pharmaceutical R&D

Thomas Lyons Controller Abbott Laboratories 100 Abbott Park Road Abbott Park, Illinois 60064-6049

November 26, 2001

RECEIVED BOND & CORPORATE FINANCE DEPT.

NOV 27 2001

Mr. Steve Blewitt
John Hancock Life Insurance Company
200 Clarendon Street, T-57
Boston, MA 02117
Attention: Bond & Corporate Finance Group
Fax 617-572-1628

leferred to

Re:

Research Funding Agreement dated as of March 13, 2001

2002 Preliminary Annual Research Plan

Dear Steve,

We haven't had the chance to meet face to face yet. I hope this can happen in the near future. Enclosed is the 2002 Preliminary Plan information for the program compounds. Please note that the preliminary plan funding for the program compounds is increasing \$43mm or 23% over 2001 APU (April Update). We are in the process of finalizing our internal functional costs and chargeable rates for 2002. Please review this and feel free to contact me with any questions you may have.

Regards,

Tom Lyons

Abbott Laboratories

Global Pharmaceutical R&D

Controller

(847) 937-5618

CONFIDENTIAL JH 000787

FOR ID., AS OF 4/27/079

John Hancock Portfolio Summary R&D Costs and Development Timelines 2002 Plan

Comments					Comments	Slow patient accrual impacted dosing decision (QD vs BID).	Color of a will be developed for BID dosing.	FDA IND review delayed phase II program beyond original targets. Phase III, originally scheduled to begin in the Fall of	'02, is delayed until Fall '03,	ABT-724 is a recently approved DDC. In the original deal model, assumptions for ABT-100 were used as the benchmark for all pre-DDC assets. 2002 Plan reflects ABT-724 specific data, rather than generic modeling assumptions.
2002 Plan (\$MM)	79.3 52.9 .:. 26.3 42.4 15.6 6.6	229.0	4.2	3,1	2002 Plan	30 2004	4Q 2004 N/A 1Q 2006	4Q 2006	N/A 10 2006 40 2007	3Q 2008
2001 APU (\$MM)	89.7 37.8 8.7 24.3 4.3 6.3 0.6	185.7	3.7	3.4	Original Deal	10 2004	40 2004 30 2004 10 2006	4Q 2005	2Q 2006 1Q 2006 4Q 2007	4Q 2007
Compounds	ABT-773 Ketolide Oral & IV ABT-527 Endothelin ABT-594 Neuro Pain ABT-510 TSP ABT-492 Quinolone ABT-751 Anti-Mitotic ABT-100 FTI ABT-724 Dopamine Receptor Agonist	Total	Abbott: JH Funding Ratio	Contract Floor Funding Ratio	Timeline (Launch Dates);		ABT-627 Endothelin ABT-594 Neuro Pain ABT-510 TSP	ABT-492 Quinolone	ABT-518 MMPI ABT-751 Anti-Mitotic ABT-100 FTI	ABT-724 Dopamine Receptor Agonist

Ketolide Oral & IV (ABT-773) 2002 Annual Development Plan

Phase I and Ill intravenous program to support CAP indication	votal trials to support in to support CAP inc	r NDA and Et Jication	rropean filing for	r four indicatio	Phase III program consisting of pivotal trials to support NIA and Huropean filing for four indications; AECI3, CAP, ABS, ASP Phase I and III intravenous program to support CAP indication	2002 PROGRAM COST	SMM 79.3*
Phase I program to support pediatric program Phase I / II program supporting Japanese bridging strategy	ic program sanese bridging strati	kha				* Ses next page for detail.	-
Other Clinical Support:							
Venture Management, Duta Management/Statistics, Plasse 1 Center (ACPRH) Support	dunugement/Statistic	es, Phase I Ce	nlei (ACPRII) S	nigaret		-	
Chemistry, Manufacturing, and Controls (CNIC)	Controls (CMC)						
Formulation & Analytical:	Tablet: Supl IV Formulation	nort clinical p nr: Support c	Tablet: Support clinical program, Registra IV Formulation: Support clinical program	nion Activities	Tablet: Support clinical program, Registration Activities CMC, Bulk drug lot support of validation runs, 1200 L support, Process Characterization Scule-up IV Formulation: Support clinical program	ion Scale-up	
	Continue to optimize pediatric and in	ptimize pedin	Continue to optimize pediatric and intravenous formulation Japan Reutstration Bridning support	ous formulatio			
Principles Chamietras	Deliver 700 b	. bulk drug	spelances (Comme	(1) on (1)	Deliver 700 km km k change on the constraint of and 100 km and hills and a second of the constraint of		
	Qualify Abbo	it Puerto Ricc	Qualify Abbott Puerto Rico (AFP) for final step of	step of drug su	and to just sanding testing and to mulation scattedly activities		
	Complete Pro	cess Justifica	Complete Process Justification experiments and reports	and reports			
	Analytic Methods Validation	hods Validati	uo				
	Manufacture	starting mates	Manufacture starting materials to support Process Validation Runs	rocess Vulidati	ion Runs		
Drug Safety Support							
Metabolism	Drug unalysi: Lacteal & plu	s to support P icental transft	Drug analysis to support Phase 1 studies and plasma PK in Phase 3 studie Lacteal & placemal transfer studies; Protein binding studies; P450 studies	d plasma PK it n binding studi	Drug analysis to support Phase 1 studies and plasma PK in Phase 3 studies to correlate with LCG's Lacteal & placental transfer studies; Protein binding studies; P450 studies		
Toxicology/Pathology	Imonth Rat	and Gene Tox	Imonth Rat and Gene Tox study to support impuity qualification	t impuity quali	Meation		
Other Support Activities:							
Medical Services support (IND / Post-Marketing Safety, Hipidemiology, Medical Information & Review)	ND / Post-Marketing	Safety, Epide	smiology, Medic	ai Information	& Review)		
Investigational Drug Quaitty Assurance support for production of clinical supplies	Assurance support	for production	n of elinical supp	lies			
Regulatory Affairs / Research Quality Assurance	th Quality Assurance						
Microbiology							
Program Spending by Year:							
2002 2002	2003	7007	2002	2006	Total		
				:		•	

Phase III	海峡 22	₩ 6%		▼ -	4						
	_										
Males Desclaiment Ashirles and Cores	ŀ			VIIN	83888°1						
or version and and and and	Toin!	Enrolled			_	200	2001 APU Costs		200	2002 PLAN Costs	
1	Patients	Ax of 8/2001	Start	End	FIRS	Internal	External	Legis.	Internal	External	Total
Plase III (4 Indications)							;			. ;	1
MING-219 CAP QD vs 1819	DOX.	21+	Nov-00	Mir-02		•	17,212	1(2,212	•	24,572	74.5.46
NIO-223 ABS QD vs BBD	9	252	Nev-DO	Nov-0!		ŧ	61272	91713	Ī	5	£ ;
MODILL ABOVE AS THE CALLES	074	7 6	00-A02	10-m ^C		: :	\$5.79	\$5,791	ŧ :	: :	: 1
MOG-210 ABEL B VS AZ US	S \$	ş. 5	OG-AGN	Dec-0		:	\$3.575	\$3,575	: 1	: :	: :
M00-217 ABECD vs Levo (1)	2 00	961	Nev-00	Dec-01		: :	\$4,036	\$4,036		i i	:
								٠:	ŧ		:
MOD-220 CAP'vs Anny 171	Ī	=	D-1	May-03			629'14	11.629		Sh.270	170,270
Mun 221 CAP vs Lavo US/Ser Ren	F	•	0,110	Nay-01			7	F		11,214	Fal' 1.5
MOI-XXX CAP Open Label	8	=	Jun-02	May-U3			:		:	01.13	01.75 1
MOD-218 ABS vs Levo EU	0440	.	Oct-01	May-0.1		ī	¥1,514	51.512	; -	ž :	74, 5
MOG-226 ABS vs Aug US	3 :	0 '	10-10 .	Mar-03		ŧ	752,12	51,257	:	816,54	97.7
MOU-260 ABS Double Tap Study	<u> </u>		sch-ol	May-U		: ·	2	2	:	: .	•
Profinitio PK/PD/Taste Testine Studies	\$	•	Š	2		1 1	: ¥		: :	: I	: :
Pediatric Phase I Clinicals (Phase I Center)		•	Jun-02	Dec-02				:	\$396	Ē	\$396
I.V. Phase I Single Dose (2001)	12		Nov-01	Dec-01		2	\$250	\$250	ŧ	Ē	ī
External Special Population Stuthus			Sep-00	Dec-02		i	\$200	2200	ī	\$200	\$300
External Tissue Studies	K/X		Jun-00	Dec-01		i	2877	\$877	ŧ	ŧ	ŧ
Internal Bio Studies (Phasa I Center)	-		Jan-03	Dec-02	6.9	\$1,449	5714	52,163	\$2,349	ŧ	52,349
Phase I/I ECG Re-reads			. Jun-01	Dec-01		:		!	ī	ī	į
Microbiology Grants	Y/V		Jan-03	Dec-02		£	22,000	\$2,000	Ŧ	\$2,000	22,000
lapan Studies	374		lo-m	Dec-04		:	200	\$600	1	\$2,630	52,630
Venture Management					39.5	\$6,372		56,372	56,877	:	\$6,877
European Venture Research					- ;	2665		2632	5272	:	CZ/5
					705	\$4,77	571 873	561 877	111511	10C PLS	249 616
in many											
Chemistry, Manufacturing, and Controls (CMC)	<u>Ģ</u>				1	;			1	1	;
Formulation & Analytical					28.7	92,224 orr :::	ī	55,224	26,703	32,643	\$4.2.48 24.6.49
Other CMC					9	197.12		51.791	53.031		53.031
Subtotal CMC Costs		٠			ŧ	\$20,785	:	\$20,785	\$14,950	\$4,325	\$19,275
Drug Safety Support											
Draw Marshallen									\$1.562	5410	51.002
Towinghouthwhile					1.6	1361		2748	\$116	25	2407
Other					**	960'15	: :	\$1,096	62	. 525	38
Sublotal Drug Safety Support						\$1,864	i	\$1,864	\$1,917	3546	\$2,463
Oliter Support Costs											
Discovery					7.7	÷	į	÷	\$2,801	i	52,801
Medical Affairs .					6.0	9765	ŧ	3946	192'18	;	\$1,268
						202		2400	25°50	ŧ	\$1,500
Regulatory Allairs / Resourch Quality Ass Other Crete	Assume		•		7.7	6865	:	\$989 \$7.810	\$1,599	٤.	51,590
					:						

Endothelin (ABT-627) Annual Development Plan

2002 Clinical Program Objectives:	Objectives								
Complete enrollment of two registration studies	two registra	ation studies	. =						SMM
Comprese using mentaction, Q.e., and Bioequivalence studies initiate Ph I study for Japanese registration	n, Çıc, an. nanese regis	a Bioequivalei Stration	nce studies				2002 PROGRAM COST	COST	52.9*
							* See west puge for detail.	detail.	
Other Clinical Support: Venture Management, Data Management/Statistics, Phase I Center (ACPRU)	: :nt, Data Mi	anagemenVSta	atistics, Phase I	Center (ACPR	U) Support				
Chemistry, Manusacturing, and Controls (CMC)	ring, and C	Controls (CM	0						
Formulation & Analytical:	ilytical:	Resupply 2 Phase 2.5 mg lot for Jap Impurities Qualif Methods transfer UK/R8 Pilot Supp Process Justificat	- Resupply 2 Phase III studies - 2.5 mg lot for Japan studies - Impurities Qualification - Methods transfer - UK/R8 Pilot Support - Process Justification (5 lots)	dies lles ots)		- NDA Stability - Support of GMP buik lot for stability studies - Formulation manufacturing, support for GMP lot - Stability of drug product and drug substance			
Process Chemistry:		Process j Qualifica	Process justification Qualification runs at second drug substance manufacturing facility	ond drug subst	ance manulia	cturing facility			
Drug Safety Support									
Metabolism		NDA pre	NDA preparation						
Toxicology/Pathology	ıgy	Genetic 1 Three ma	Genetic texticity to qualify drug substance impurities Three month rat texticity to qualify drug substance impurities	fy drug substar to qualify drug	rce impurities g substance ir	npurities			
Other Support Activities:	es:								
- Medical Services support - IND Safety (safety support) / Epidemiology - Regulatory Affairs / Research Quality Assurance (Phase III site audits)	upport - IN / Research	D Safety (salè Quality Assur	ty support) / Ep nnce (Phuse III	idemiology (or site audits)	utcomcs), Me	- Medical Services support - IND Safety (safety support) / Epidemiology (outcomes), Medical Information & Review - Regulatory Affairs / Research Quality Assurance (Phuse III site audits)		· ·	
Program Spending by Year;	Year:								
2001 20	2002	2003	F007	2005	2006	Tetal	٠.		
37.8 52	52.9	30.6	37.1	8.0	0.0	165.2			
	-	1							

			7007 KI	ии Develoрmen	2002 Plan Development Cost Summary	1					
Program Sintus	2000	~ 8	Q3 Q4 Q1 Q2 Q3 Q4 Q4 Q3 Q4 Q4 Q4 Q4		2004 Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4 Q1 Q2	94 Q1 Q2	2006 Q3 Q4			
Physe II	Select the second of the selection							1			
Phase III	1				NDA Lamel						
Mular Development Activities and Costs											
	Total	Enrolled as of				ñ	2001 APU Costs		2	2002 PLAN Custs	S)
Clinical Program	Patients	10/2/01	Start	End	FTE's	Internal	External	Total	Internal	External	Total
Pluse (11 Pivenul #1 (M00-211)	0001	7	19/6	12/03		:	\$10.288	\$10.288		\$10.452	\$10.452
Pluse III Pivotal #2 (8100-244)	1000	7	10/0	10/1		ŧ	Sec 6.7.7	1100	:	90P 113	907 113
L.T Extension (M00-258)	1400	_	10%	19/2		: :	SR46	NR46	:	13. 13.	E1 184
Long Tenn Safety Study (MOI-304)	250	ŧ	10/6	\$0/1		: :	2288	\$288	:	\$516	\$516
Bisphosphonate Combination	200	ŧ	1/02	1/05			. :	. 1		\$1.656	\$1.656
Early Prostate Cancer	200	. :	1/02	1/03			: :	: 1		\$2.076	\$2.076
Phase I Japan Study	32	Ē	7/07	12/02		: :	: :	: :		2800	2800
Ph II Pilovinvestigator IND Studies	40 per study	;	10/11	6/03		,;				\$425	\$425
Four Drug Interaction Studies	12 - 18 per study	:	4/02	7/02		:	:	: :	5320	\$440	3760
Bioequivalence (M00-318)	09	·	4/02	8/02		\$55	\$266	\$321	850	\$200	\$250
QTe (M00-283)	36	:	4/02	20/6		7222	5390	5817	\$53	\$203	\$256
Phase (Center Support					9				. 654		4
Venlier Management					· ;		:	3	6664	ī	6664
Data Management/Staticifica					32.0	\$7,636	:	\$7,636	\$6,195	ī	\$6,193
Subjoin					J. 67	52,583	- 1	-	53,739		\$3,739
						010,010	0064916	91/,476	956,113	\$31,648	\$43,004
Chemistry, Manufacturing, and Controls (CMC)	(CMC)										
Formulation & Analytical					11.6	198 63	F2.1.3	11.	3	250	2
Process Chemistry						2683	;	\$683	820 13	0513	10,12
Other CMC					ī	į	: :		\$581		\$581
Subtotal CMC Custs						\$7,546	5874	\$H,420	24,788	2990	\$5,778
Drug Safety Support .											
Toxicology/Pathology					-	Fis	093	1013		3	
Drug Metabolism						3163	0813	10th	600	****	7.75
Other					. 6	X7X	C	95		2	
Subtotal Drug Sufety Support		-			•	\$1,304	5242	\$1,546	\$1,194	\$428	\$1,622
Other Support Costs								,			
Discovery					9	6170	2	777	į.		
Regulatory Affairs / Research Quality Assurance	Аззигине					127.12	;		6974		6874
Medical Affairs					2 -		3195	107:16	K T T T T T T T T T T T T T T T T T T T		6994
Other					:	\$318	ŧ	\$1.83		\$493	5493
Total Program						\$17,544	\$20,256	837.800	791.618	037 113	563 033
										11	236176

TSP (ABT-510) Annual Development Plan

1 11 / CT 11 /						-	
AND A LIMICAL FROM THE CONTRACT SURVING TO DEMONSTRATE CHICACY SURVING TO DEMONSTRATE CHICACY SELECTION OF dose regimen and tumor types	studies to demonstrate efficacy res					Tang Manager	SMM
Selection of surrogate markers of efficacy	ý.						**************************************
Other Clinical Support:							
Venture Management, Data Manag	Venture Management, Data Management/Statistics, Phuse I Center (ACPRU)	PRU) Support					
Chemistry, Manufacturing, and Controls (CMC)	rols (CMC)						
Formulation & Analytical;	Support drug substance and chemical synthesis Method development/validation as needed to suppolivaluate crystalline drug substance for formulation	al synthesis needed to support for formulation	hesis to support Phase II requirements mulation	тепсиз			
Process Chemistry:	Process optimization with crystallized drug and increase scale (23 Kg)	æd drug and incre	suse scale (23 K	(B)			
Drug Safety Support							
Metabolism	Absorption Distribution Metabolism Excretion studies in non-rodent species to support toxicology	n Exerction studic	es in non-roden	it species to support toxicology			
Toxicology/Pathology	Initiate 6 month rat and 9 month monkey	onkey toxicity stu	toxicity studies if requested by FDA	id by FiDA			
Other Support Activities:							***************************************
Medical Services support - IND Sa Regulatory Affairs / Research Qua	Medical Services support - IND Safety (safety support)/ Medical Information Regulatory Affüirs / Research, Quality Assurance (Phase II site audits)	mation & Review	<u>.</u>				
Program Spending by Year:							
2001 2002 20	2003 2004 2005	2002	Total				
10.8 26.3 47	47.8 28.0 19,0	14.0	145.9		•		
U. A. HOLLIFT, C'erry School Tourne (1930) Leadlise School School	U mundealltheachup aab 11 s 2 (alitt. 1411)	CONF JH	=	147aan k29			
		IDENTIA 000793			-	•	
		L.			-		

TSP (ABT-510) 2002 Plan Development Cost Summary

			-			l					
L'ogram Status	<u> </u>	2001	2002	2003	2004	2005		⊦			•
D. Harring	70 (d) (d) (d) (d)	01 02 03 04 01	03 00 Eb	01 02 00 04 0	01 02 01 04	01 03 03	Q 01 03	03 05			
Desc.					-	←	-				
Phase III			ك			- <u>Ş</u>	Leusch				
Major Development Activities and Costs	Teles.L	7. F. H 7									
Clinical Program	Patients	10/2/01	Start	End	FTE's	Infernal	External	Total	Internal	2002 PLAN Costs External	Total
Anddple Dase in Currer Prs (M00-153)	Ę	.=	10/4	70/1-			\$3803	\$0 8 3		£5,	£
IND Study (M01-302)	36	;	10/6	9/02		: ;	×250	9.03	:	1/c	175
Phase II Dose Ranging/Ellicacy #1	150	:	4/02	3/03		i '			Ē	137 FF	61 751
Phase Il Dose Runging/Ellicncy #2	150	:	4/02	3/03			:	:	:	51,52	137.13
Phase II Dose Ranging/Efficacy #3	150	:	4/02	3/03		•	:	•	:	57.13	61,763
Preclinical/PD Markers			3/01	2/02		•	\$299	9523	:	667	567
Cancer Models			3/02	2/03		•			i	, E) (F.E.)
NCI Pediatrie	8	ì	1/02	12/03		: :	:	:	1	ace.	ACC.
						:	:		:	:	:
Phase I Center					0.7	5221	;	\$221	1212	:	1718
Venture Management					14.0	\$858	:	\$858	\$2.689	i	\$2.689
Data Management/Statistics	٠				4.7	. \$227		5227	\$778	: :	\$778
Subtotal						\$1,306	51,444	\$2,750	\$19,638	\$12,101	\$15,739
Chemistry, Manufacturing, and Controls (CMC)	(CMC)										
Formulation & Analytical					*	1000			į	į	;
Process Chemistry					0.01		27. LX	217'16	91,319	0878	26,73
Other CMC						: :			304	76716	400,00
Subtotal CMC Costs	• •				ŧ	\$987	\$3,608	\$4,595	\$5,548	\$1,635	\$7,183
Drug Safety Support											
Toxicology/Pathology	•				0.7	28.13		PHIS .			
Drug Metabolism			٠		6.4	2077	6063	181	600	3,12	C/7'16
Other		C			: ;)		21.00	097¢	8CF.14
Subtotal Drug Safety Support		O; J				\$1,156	\$209	\$1,365	\$1,278	\$1,386	\$2.664
Other Support Costs		NFI H (
Discovery		DE 000			0.5	\$17.13	, sep		. 716		
Medical Affairs		N' 79			: ;	. :	: :	\$10	9115	ŧ :	71.5
Regulatory Affairs / Research Quality Assurance	Assurance	TI/ 04			2.1	\$1.41	Ē	S 141	2457	: :	\$457
Other Costs		AL			ŧ	625	E	\$79	. :	\$43	S43
Total Program						2777	ì			-	
						111111111111111111111111111111111111111	Octob	310,000	311,181	313,163	226,346

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Quinolone (ABT-492) Annual Development Plan

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2002. Clinical Program Objectivess. Phase II trials to be completed and further Phase I safety studies to determine drug characteristics to be completed. Feasibility and formulation of IV formulation in progress (Costs in buyup program)	further Phase I s Formulation in pr	ogress (Custi	io determine dr. i in buyup progr	ng, characteris wan)	iles to be comple	pala		2002 PROGRAM COST	\$MM 42,4*	
								* See next page for detail.		
Other Clinical Supports			•			ĵ.		-		
Venture Manugement, Data Manugement/Staristics, Planse I Center (ACPRII) Support	farmgenent/Stat	istics, Pluse 1	Center (ACPR)	D Support						
Chemistry, Manufacturing, and Controls (C'MC)	Controls (CMC									Τ
Formulation & Analytical:	Develop an	d munufactur	Develop and manufacture supplies for commercial fon	mmercial for	mulution leasibility biostudy	ility biostudy				
	Support on	going stability	- Phase i suppl	ies, Phase II	supplies, Phuse I	Support onyoing stability - Phase I supplies, Phase II supplies, Phase II placebo, Phase III pilot scale, Levolloxacin, Bulk Drug		-		
	Bulk drug I	esting, Polym	Bulk drug testing, Polymorph screening							
	Selection u	Selection of Commercial formulation	formulation							<u>:</u>
	Positive co	ntrols cost ba	Positive controls cost based on $$120/patient \times 3,500 patients \times 2$	ient x 3,500 p	atients × 2					
Process Chemistry:	Support ca.	mpaigns that	leliver bulk dnı	g for formula	ion, loxicology,	Support campaigns that deliver bulk drug for formulation, texicology, and Phase III clinicals				
	Support PA	ARD in forma	Support PARD in formulation and physical properties studies	cal properties	studies		•	•		
	Determine	vendors for c	Determine vendors for commercial supply	ł,						
Drug Safety Support										Τ
Metabolism	Metabolist	Metabolism support planned	med							
Taxicology/Pathology	Tablet: 15s	studies includ	Tablet: 15studies including Segment 1, 2 and 3 studies	2 and 3 studie	s. 3a nd 6 month	. 3a nd 6 month rat and dog studies,				
-	FDA requ	ests juvenile d	og study to inve	stigate possit	FDA requests juvenile dog study to investigate possibility of pediatric program	c program				
Other Support Activities:										T
Medical Services support (IND / Post-Marketing Safety, Epidemiology, Medical Information & Review)	VD / Post-Marke	ting Safety, E	pidemiology, M	edical Inform	nation & Review					
Investigational Drug Quality Assurance support for production of clinical supplies	/ Assurance supp	ort for produc	tion of clinical	supplies						
Regulatory Affairs / Research Quality Assurance/Microbiology Milestone payment due to Waukanaga upon enrollment of 20 patients in the Ph HB trial.	ch Quality Assur	ance/Microbic enrollment of	ology 20 patients in th	re Ph 118 trial		Payment of \$3.5MM is expected to be made in O1/02.				,
Program Creating In Vent										
2001 2002	2002	7007	2002	2006	Total					
24.3 42,4	54.8	86.9	67.3	0.11	286.6					
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5. HERBITACHING Sensing State of States of Sta) F	on of Alterday by the Last (Alterday)	VIII:423			IN:				
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Quinc BT-492) 2002 Plan Devere, A Cost Summary	2000 2 00 00 00 00 00 00 00 00 00 00 00	Total Enrolled 2002 PLAN Costs	raticuts As of 87201 Shrt End FTE's Internal External Total Total	168 Nov-00 Mar-01 \$670	29 Nov-(10 Mar-01 S1,000 \$1,000	Jan-42 Jun-02 5729 \$2,300	Felt-02 (Aq.02 5362	Apr-02 Jun-02 5345	Marut Aprut 5273 5130 5411 5267	6776	Oct-01 Jun-02 \$2,291 \$2,291	Jun-02 Feb-03 \$667 \$667 \$4,900	Apr-02 Nov-02' 52,400	Mar-02 Dec-02 51,108	Mist-12 Feb-(13 53,086 5414 5414 5414 5414 5414	51 75 C 18	0.000 0.000 0.000	\$730 S730 S730 S7038	\$2,07 \$5,178 \$7,485 \$6,490 \$15,403 \$21,893	ols (CMC)	\$1,815	10.0 57,348 57,348 54,029 54,929	59,163 59,163 59,163 59,273	771.18 771.18 7568 7568 5.5	\$704 \$833 \$1,537 \$1,296 \$906	81.73 \$828 \$2.611 \$2.746 \$981 \$1777	\$1.426	2128 \$45 \$85	4.7 \$477 \$1,043	33,500 53,500 53,500 53,500	5135 5135
	2010 2001 Q2 Q3 Q4 Q1 Q2 Q3	Karolled	As of 8/2001	168	29	\$	ŧ	ŧ	•		:		:	i.	:				٠	Chemistry, Manufacturing, and Controls (CMC)									Regulatory Allairs / Research Quality Assurance		

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Anti-Mitotic (ABT-751) Annual Development Plan

2002 Cilinical Program Objectives: Determine dose and regimen for Phase II Initiate 6 Phase II studies to demonstrate safety and efficacy Initiate pediatric studies for potential accelerated approval (drug only)	se II rate safety and efficac inceelerated approval	y (drug only)			2002 PROGRAM COST	SMM 15.6*
Other Clinical Support: Venture Management, Data Management/Statistics, Phase I Center (ACPRU) Support	inagement/Statistics, P	hase I Center (ACPR	RU) Support		-	
Chemistry, Manusucturing, and Controls (CMC)	ontrols (CMC)					
Formulation & Analytical:	Support Phase II studies v Capsule formulation for la Clinical supply manufact	Support Phase II studies with capsule formulation Capsule formulation for lower dose (25 mg Peds) Clinical supply manufacturing (4 lots) Evaluate tablet feasibility	formulation 55 mg Peds)			
Process Chemistry:	Process optimizat Selection of vend	Process optimization through increase scale (10 Kg) Selection of venders for starting materials	s scale (10 Kg) riuls		:	• 1
Drug Safety Support						
Metabolism	Absorption Distri	foution Metabolism I	Exerction studies i	Absorption Distribution Metabolism Excretion studies in non-rodent species to support toxicology		-
Toxicology/Pathology	Conduct multi-cy	rele cardiovascular to	oxicity study in da	Conduct multi-cycle cardiovascular toxicity study in dogs if requested by FDA		·
Other Support Activities:						
Medical Services support - INDS (safety support) Medical Information & Review Regulatory Affairs / Research Quality Assurance (Phase II site audits)	DS (sufety support)/ N Quality Assurance (P	fedical Information & ruse II site audits)	& Review			
Program Spending by Year:						
2007 2002	F007 5007	3002	2002	Total		
8.3 15.6	47.6 26.0	25.0	.18.5			
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Anti-Mitotic (ABT-751) 2002 Plan Development Cost Summary

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LTOURD STATUS	2000	20 03 04	2002	2003	2004	2005	20 01 03	2006			
	57 67	3	5	5 75	3	100 PM 100	3	-1			HOME TO SERVICE THE SERVICE TH
Phase I			Harry Color Carlo	æ		← —	4				
Phase III		-			7. 7. 7. 3.	YON	Launch				
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Major Development Activities and Costs							ľ				
	Total	Enrolled as of				92	2001 APU Costs		72	2002 PLAN Costs	20
Clinical Program	Patients	10/2/01	Stari	End	FTE's	Internal	External	Total	Internal	External	Total
MTD in Cancer Patients (M00-231)	Sť.	~1	10%	4/03		:	\$300	\$500		\$500	\$300
Metronomics Study (MO1-303)	36	:	10/01	5/02		:	\$445	\$445	i	\$600	\$600
Six Safety & Efficacy Studies - Ph 11	30×6	:	2/02	4/03		÷	Ī	:		\$4,422	\$4,422
NCI Pediatric	18 - 34	Ī	1/02	12/02		ī	£	:	:	ŧ	į
Phase I Center					6:0	\$135		\$135	8156	:	3512
Venture Management					7.0	\$2,812	: :	\$2,812	\$1.708	: :	21.708
Data Management/Statistics					4.6	\$177	: :	2177	\$786		2786
Subtotal					!	53.124	\$2045	24 060	039.03	665 53	24 172
							}	\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\	2	1	7/5/05
Chemistry, Manufacturing, and Controls (CMC)	ls (CMC)							,			
Formulation & Analytical					113	\$1.155	\$135	062 13	27 641	\$703	\$7.016
Process Chemistry					3.0	\$922	\$250	51.172	FEO 18	. Y.	51,710 C1 108
Other CMC								;		<u> </u>	
Subtetal CMC Costs						\$2,077	\$385	\$2,462	\$3,674	\$350	\$4,024
Drug Safety Support											
Toyicology/Pathatogy						į					
Denne Matcheolism				•	T)	\$710	:	\$216	\$1,044	÷	\$1,044
Other					 	\$2794	: :	\$294	\$1,122	\$220	\$1,342
Supplied During Supplied	•				0.9	2110	2.5	5117	\$277	527	\$304
Suototal Drug Safety Support				-		\$1,120	23	\$1,127	\$2,443	\$247	\$2,690
Other Support Costs		CC									
Discovery)NF JH			0.7	\$205	S	\$208	\$202	\$100	\$302
Medical Affairs		F1D 00			;		\$10	\$10	\$59	į.	\$59
Regulatory Affairs / Research Quality Assurance	ly Assurance)EI			4:1	\$137	ŧ	\$137	\$308		\$308
Oner Costs		TV '98			<u>:</u>	\$287		\$287	:	:	**
Total Program		IAL 3		-		\$6,950	51.350	. 38.300	. 20,336	\$6.219	515,444
										II	

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FTI (ABT-100) Annual Development Plan

<u> </u>	2002 Clinical Program Objectives: Initiate Phase I studies in cancer patients to assess safety and pharmacokinetics	am Objectives:	s ssasse of students	alety and pharm	acokinetics				2002 PROGRAM COST	SMM 6.6*
									* See next page for detail.	
	Other Clinical Support: Venture Managemen	r Clinical Support: Venture Management, Data Management/Statistics, Phase I Center (ACPRU) Support	magemen/Stat	istics, Phuse I C	enter (ACPRU)	Support	٠.			
<u>, </u>	Chemistry, Manusacturing, and Controls (CMC)	icturing, and C	outrols (CMC	0				-		
	Formulation & Analytical:	Analyticul:	Support pr Support of Formulati Stability o	Support prefermulation/polymorph studies Support of GLP/GMP drug substance for tox and clinical/stability study Formulation manufacturing: support for GMP fot Stability of drug product and drug substance	fymorph studie g substance for g g: support for G	s tox and clinica IMP fot	i/stability study			
	Process Chemistry:	stry:	Deliver G	MP material to s	upport toxicolo	gy and clinica	Deliver GMP material to support toxicology and clinical supplies (6 Kg)			
	Drug Safety Support	1:1			·					
(Metabolism		Provide m	retubolic data lo	r toxicology sup	port to initiate	Provide metabolic data for toxicology support to initiate first-in-man trial		-	
	Toxicology/Puthology	ıthology	Conduct (wo-week and or	ne-month toxici	ty (if needed p	Conduct two-week and one-month toxicity (if needed per 2-week results) studies in two species to support first-in-man	iirst-in-man		
IDE	Other Support Activities:	tivitles:								
ENTIAL 0799		Medical Services support - INDS (safety support)/ Medical Information & Review Regulatory Affairs / Research Quality Assurance (Program overview)	DS (safety sup Quality Assun	port)/ Medical II ance (Program o	nformation & R verview)	eview				
	Program Spending by Year:	g by Year:		-						
	2001	2002	2003	7007	2005	2006	Lotal			,
		9.9	15.9	33.6	26.0	28.0	111.3			·

FTI (ABT-100) 2002 Plan Development Cost Summary

Program Status	1002	2002	1000	. 2000	2007	2000	1000			بالمرساطة والمراطعة والمراطعة	
	3	0 0 03 00 10	02 03 04	2002 2007 2007 2007 201 201 201 201 201 201 201 201 201 201	6007	9007	60 10	\vdash		٠	
Nase	, , ,	7	5 5	× × × ×	2	27 27 27	, ,	\$} √			
Phase II							←	ļ	•		
Phase III							Vaix	Luundi			
				-			1				
Major Development Activities and Costs											***************************************
(Thuten Program	Total	Enrolled	ž				2001 APU Costs		200	2002 PLAN Costs	
	Series I	A8 01 9/01	Finic	- Luc	FIES	Infernal	External	Total	Internal	External	Total
Phase First-in-Man	36	. :	20/1	7/03		-		:		. 525%	\$628
IND Study	%	Ē	12/02	12/03			: :	:	: :	\$124	\$124
Phase Center					4				•		
Venture Management					2.0	; ·	÷	:	* Y	ŧ	5 3
Data Management/Statistics					9 5	:	ŧ	:	\$100	:	2 5
Subtotal					}	: :		: :	\$371	\$649	\$1.020
Chemistry Moniforting and Control											
Cocost J. Manualteres, and Control	(CIMIC)										
Formulation & Analytical					3.5	:			7,807	013	4017
Process Chemistry					0.9	\$600	2,600	£1 200	105 13	215	100
Other CMC					:		. :		601	0076	λ/'1 6
Subtotal CMC Costs						\$600	009\$	\$1,200	\$2,398	\$210	\$2,608
Drug Safely Support											
Toxicology/Pathology		•									;
Drug Metabolism	٠					:	ī	:	31,236	66	\$1,335
Other					ļ. :	•	Į.	:	1064	270	\$1,027
Subtotal Drug Safety Support		C				:	:		\$2,193	\$169	\$2,362
Other Support Costs		ON JI		.							
Discovery		IFIE 1 00			Ξ		-		-		
Medical Affairs		_			:	:		:	\$303	:	\$303
Regulatory Affairs / Research Quality Assurance	/ Assurance				: 3	: :	1	:	84 3	÷	88
Other Costs	٠	IAI D			Ī		: :			 \$20	\$20
Total Program		_				2600	2600	\$1.200	\$5.478	8PU 13	363 33
											20,000

Dopamine Receptor Agonist (ABT-724) Annual Development Plan

2002 Clinical Program Objectives. Transition ABT-724 from DDC and p of solution administered sub-lingually	jectives. DC and prepa -lingually; Par	re a Development Plar ศ 2 - single dosc of soi	including the des ution administere	iign and conduc d orally to dete	2002 Clinical Program Objectives. Transition ABT-724 from DDC and prepare a Development Plan including the design and conduct of a (First in Man) study Part 1- single dose escalating of solution administered or solution a	2002 PROGRAM COST	SMM 5,9*
						* See next page for detail.	
Other Clinical Support: Veniure Management, Data Management/Slatistics, Phase I Center (ACPRU) Support	Data Manayer	men/Slatistics, Phase	l Center (ACPRU;) Support			·
Chemistry, Manufacturing, and Controls (CMC)	y, and Contro	Is (CNC)					
Formulation & Analytical:		Develop, and formulate clinio for intranasal administration,	clinical study supp ition,	dies to support	Develop and formulate clinical study supplies to support sub-lingual administration. Explore formulation and administration options for intenasal administration,		
Process Chemistry:	ъ́	ynthesize and provide	3 kgs. active drug	and recommen	Synthesize and provide 3 kgs, active drug and recommendation us to appropriate salt form selection and formulation selection.		
Other CMC;	<u> </u>	Analysis of salts synthesized by Process Chemi Analytical support for formulation developmen	sized by Process C prmulation develo	hemistry. Prep. pment, stability	Analysis of salts synthesized by Process Chemistry. Preparation of solid phase characterization for polymorph screening. Analytical support for formulation development, stability assessment, dissolution testing. PARD project management support.		
Drug Safety Support							
. Metabolism	2 %	Metabolism support includes; in- support tox range finding studies.	ludes; in-vitro me ng studies.	tabolism, prote	Metabolism support includes; in-vitro metabolism, protein binding (definitive assessment), rat ADME, CYP 450 inhibition, support tox range finding studies.		
Toxicology/Pathology		Tox activities include acute tox battery, yene finding, primary dermal and ocular irritation.	cute tox battery, g	ene tox battery ion.	Tox activities include acute tox battery, yene tox battery. 2-week doy range finding, I month oral doy/rat, preynant rat range finding, primary dermal and ocular irritation.		
Other Support Activities:							
Investigational Drug Quality Assurance support for production of clinical supplies Regulatory Affairs to provide consulting support on IND.	Quality Assura provide consu	ince support for producting support on IND.	tion of clinical su	pplies.			;
RQA to provide GI.P compliance assessment at study sites as well as GI.P training and QA consulting.	compliance na	sessment at study site	s as well as GLP t	raining and QA	consulting		
Program Spending by Year:	ar:						
2007 2007	7 7003	3 2004	2002	2006	Total		
0.6 5.9	7.4	31.8	\$0.6	48.1	144.4		

			4004 F18	2002 Firm Development Cost Summing	Cost Summing					. [
Program Status	2000	2001	2002		2004	2005	7		8[2008	 ·
	01 02 03 04	Q1 Q2 Q3	0 10 60, 20 10	01 02 03 04 0	01 02 03 04	01 02 03	04 01 02	03 04 01	QZ Q3 Q4	01 02 03	C E
Transition									← —	-	as
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Division 118									Single Code		1:C
200						1 130)5-0
Major Development Activities and Costs									 - -		V-1
	Total	Enrolled	6	i i			2001 APU Costs	1.7.4.		2002	
Cinical reogram	Laucus	10% 10 SV	THIC	End	S. 31 -1	internal	External	10181	Internal	nai Exiernai	
SD Esculating Dose	36	:	10/31/02	£071£/1			:	:	:	\$400)-D
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Variation Management				-	6					ş	/ s
Phase I Center Support					9.0 V	ŧ	<u>;</u>		21,709		8) L
Data Management/Statistics					0.4	: · :	: :	: :	\$65	: :	၁၀
Subtotal						:	:	:	106'18	07 \$400	\$2,3
Chemistry, Manufacturing, and Controls (CMC)	rols (CMC)										ent
,							•	-	-	!	25
					3.5	:	:	: ;	258		7
Char Char					3.0	009\$	ŧ	2600	\$776	92 1	5 3 3
Subject CMC Course					5			::	\$173		r.
Success Civic Costs						009\$		2009	31,766		\$1,766 E
Drug Snfety Support											iled
Toxicology					1.3	:	:	;		\$487 \$50	05
Experimental Science					1.2	;	:	;	25	\$264	/ 4 92\$
Clinical Drug Analysis					- 	1	;	Ŧ	*		8∦ Ž
Pathology		C			0,8	•	:	:	2	\$334	2 0 (C)
Subtotal Drug Safety Support		ON Ji				į	i.	:	is.	\$1,536 \$50	<u>≅</u> %
Other Support Costs		FIE 1 OC									P
Medical Affairs)EN			0.2		-			631	'ag
Regulatory Alfairs / Research Quality Assumnce	ality Assurance	NT) 802			. O.	: :	: :	! !	· C	3215	esi
Other Costs		AL	÷		:		1				63
		-									of
Total Program						2600	446	2600	55	SS,477 S450	\$5,927

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						¥	MONTHLY RESULTS	ESULTS					0.00099900949		Approved	
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Discovery Administrative Overhead	v	69	89	69	69	89	8	69	89	69	69	8	69	824	824	ĭ
Olscowery Functional	240		243	259	255	210	233	215	308	508	219	177	226	2,738	2,756	80
Discovery Svc Prch/Sold-Internal	265		299	442	446	429	205	390	Ç	252	2	233	217	4,099	3,061	(800)
Discovery Service Sold-External				¥	*	;	3	*	8:		ş	å	***	1.	₹.	×
Total Discovery (less overhead)	505		542	70	701	693	735	903	189	46	370	25	44.	6,837	5,817	(1,020)
Drug Safety																
Metabolism		· ***	œ	25	29	33	69	Ŋ	æ	7	32	X	7	34	3	\$
Toxicology/Pathology		Ø	25	28	26	3	43	28	25	A	o.	9	60	326	2	(163)
Comparative Medicine	***	×	60	(29	121	4	8	23	*	_	*	22	36	119	554	25
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Phase-I Center															î	
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ACPRU - Direct		•		3	*	ŧ	3		£	1	Ť	1	×	3,	â	ž
Development Operations															ě	
Data Management		3	\$ ²	3	ž.	ž.	Ĭ:	ŧ	ğ.	ŧ	i.	ć,	8	ž	ŝ	***
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International Directors		*	Ŧ	83.8	ŧ	**	-3	*	ŧ	ž	*	å.	*	Š.	ř	**
Venture Management		1	· ·	i	\$	ĭ	- 8	*	•	1	.	*	i	*	÷ ;	ê
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Regulatory Affairs		ţ	ł	1	*	*	:	iin	.2	\$,	9	ž	ø	*	9
Research QA		.1	*	ž	*	49	*	**:	š	•	*	*	*	i	* 6 %	ž
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Investigational Drug QA			1			I	\$.2	2	-93.4		1	ž	*	ž
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Total	649		716	583	970	843	1,059	8 5	84	617	NA NA	265	648	9,218	7,819	(1,399)
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COMMENTS

PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT QUINOLONE ABT492

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					Σ	MONTHLY RESULTS	ESULTS				grappour vádické a annociá	de constante de ANTAMONTO		pproved	
	p	Eg	March	April	Ğά	June	芦	Aug	Sept	ä	à	Dec	Total	N.C	, ag
Discovery	220	327	355	488	246	129	88	251	98	787	186	88	2,851	2,829	(22)
Drug Safety	*	:	č		137	9	2	112	20	19	7	75	1,256	016	(346)
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COMMENIS:

A) Unfavorable PARD variance due to effort on impurity and color issues, as well as an apparent underestimate of the required effort in the April Update.

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COMMENTS

A) Increase due to higher manufacturing costs at Cook. B) Delay in ROSS submissions and 5 month extension of end date for M01-302.

Program Discontinued

COMMENTS

PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT MMPI DEVELOPMENT ABT770/ABTS18

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PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIYERY PROJECT EXPENSE REPORT CCM ABT594

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Venture Management	655	339	35/	= :	(co. :	275	2 02	Š	; 5	3	2	71	1,356	1,048	(308)
PARD	69	63	213	<u>.</u>	2 7	1 ×	2 9	3 4	, m	*	~	9	7.	132	58
Regulatory Affairs	;	<u>:</u>	7 :	~ <u>c</u>	- 9	2 2	<u>.</u>	6	. va	m	4	7	129		(49)
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Total	1.123	817	886	1,377	(75%)	0	CAO II	2	: !!	111111111111111111111111111111111111111	11		11 11 11	# 100 mm	11 11
	11 11 11	***************************************	## ## ## ##	11	100 and 100 an		**	and that was							

A) Unfavorable variance due to milestone budgeting. The Plan is for 6 months of work, while the system projects it over 12 months. Venture is currently reviewing the Phase II results to determine what further fur may be required. Currently, the venture is at a "go" "no-go" decision is granted, the venture has identified approx. \$1.5MM in expenses that would not be incurred. If a "go" decision is granted approx. \$.9MM would be required to fund the project for the rest of the year.

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GLOBAL DELIVERY PROJECT EXPENSE REPORT ENDOTHELIN ABT627 PHARMACEUTICAL PRODUCTS R&D

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					ž	MONTHLY RESULTS	ESULTS						d.	Approved	,
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Metabolism	3	25	7.7	34	4 6	<u>6</u>	£,	8	7	۰	,	·	7.7	349	328
Toxicology/Pathology	ŧ	m	**	:	m	4	₹7	;	ž X	2	į	>		26	73
Comparative Medicine	m	ŧ	i	;	į	Ĭ	:	ŧ	ŧ	į	\$	Š	• :		;
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Medical Affairs				1	:	`	ş	2	ä	7	~	23	304	259	(45)
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Medical Services	9	2	9	9	<u>9</u>	<u> </u>	-	0	<u>e</u>	2	2	- E	68		(183)
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	877	208	504	950	216	1.413	717	(249)	571	648	429	713	166'9	0,240	(173)
Venture Management	2 .	3 2		, E	22	553	=	=	378	365	385	955	5,139	3,562	(1,5/1)
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Total	21.7 11.17	######################################	2 II					**************************************	11	# # # U	***************************************		**************************************	2000 COMP 1000 C	Tomas many city (1986)
COMMENTS	3			•	1										

A) Increase in PARD due to last minute charges from Cook. B) Accrual for M00-244 delayed 1 month/1 month delay in ROSS submission M01-304, offset by accelerated spending C) M01-283 Qtc study on hold

PHARMACEUTICAL PRODUCTS R&D GLOBAL DISCOVERY PROJECT EXPENSE REPORT ERECTILE DYSFUNCTION

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	Ĕ		Feb March	April	ĔŠ.	Jung	곀	<u>Au</u>	Sept	DG.	<u>ò</u>	Dec	Total	APU	Yar
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Discovery Administrative Overhead	3	8 5	3 5	3 6	9 9	2 6	749	75.1	730	225	253	234	2,562	2,220	(342)
Discovery Functional	8	<u> </u>		70.	9 6	978	Ē	-	6	129	66	80	2,846	1,672	(1,174)
Discovery Svc Prch/Sold-Internal	154	2	445	300	9	001	-	•				:	Ş	*	÷
Discovery Service Sold-External	3	1	***	1 1	i	1	: 6	o.	: =	. Y	353	· *	5.408	3,892	(1,516)
Total Discovery (less overhead)	339	578	573	χ. 20	236	625	070	200	-	3	į 1	,			
Drug Safety	:	7	î	Ł	46	9	36	39	74	ž	27	77	416	Š	(112)
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Toxicology/Pathology	~ ;	ۍ ;	7	? :	7 9	3 9	7.7	47	° #	4.	. A	8	585	934	349
Comparative Medicine	2	57	7	5	P	ř	5	:	?	!	. 1		Ş	-	3
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Total	47	969	725	7	7	847	199	230	\$	27.5	3	î F		• •	11111
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COMMENTS

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COMMENTS

PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT DOPAMINE

28-Jan-02 PAGE B-4

Aug. Sept. Oct. Nov. Desc. 83 35 78 4						Σ	MONTHLY RESULTS	ESULTS					*	A	YTD Approved	
### Operations		III)	Feb	March	April	4	Inne	裆	Aug	Sept	ä	Nox	Dec	Total	APU	'ar
### State	Discovery	ž	ì	:	į	:	;	1	Ī	83	53	m	7	187	:	(187)
Abdrillo Transcriptor Transcrip	Drug Safety										a	×	ď	121	ŧ	(121)
total blookey	Metabolism	•	•	i	*XX	;	•	<u> </u>	:	į	o - r	3 -	? ?	<u> </u>	:	(30)
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to persions ment majoret ma	Phase-I Center									,				c	ì	ę,
Direct D	- SE	ŧ	1	•	Ž	i	***	ž	•	₹-	M	į	:	^	•	£)
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PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT EISAI ABT-731

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	n el	Feb	March	April	Z Z		Ä	Δwg	Sept	150	λόΝ	Dec		APC.	Var
Discovery	77	24	77		&	71	4	Ē	6	25	7		195	193	(2)
Drug Safety	*	-	,	Ę	٢	~		4	c	30	4	\$	245	694	6**
Metabolism	e r	- •	* ?	7 5	4 <u>r</u>		2	. «	; :	, ~c		!	-84	202	8
loxicology/Pathology	٧.	0	*, `	ñ ^	<u> </u>	3	ē	>	:	>	· -	•	-	103	92
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Medical Affairs														5	
Outcomes Res/Admin	;	3	:	:	i	ř	ţ ·	ŧ.	3 •	Ĭ	; -	1 •	ţ	; c	;
Medical Services	*	~		Ĭ			-		_	ŧ			2	•	=
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Research Information Ctr	***	!	ę		ì	€	***	1	3	i	ŧ	ī	*	ž	?
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International Manpower	च	**	1	*	;	\$		ŧ	2	1 5	= ;	: 1	#T (ŗ
Grants - Domestic	***	1	÷	:	i,	:	:	ř	፥	=	=	325	549	40	945
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International Directors	;	ŝ	*	:	: 1	ij	I;	3- 3	: 6	1 2	: 6	: 6		. 643	
Venture Management	700	8	87	353	8	121	99	461	807	134	E :	ę, i	2,573	1/577	(al)
PARD	139	<u>5</u>	242	127	82	83	S	<u>~</u>	<u> </u>	92	62	75	SBS:	1,231	(254)
Regulatory Affairs	;		ì	**	~	_	7			~	** 1	ş •	97	2 \$	7 5
Research QA	ì	i	~	*	7	m	4	7	÷	i	7		97	æ	97
Re-org		•	***	7	•			*	***	u			36		[]
Investigational Drug QA	3 }	* ?	= ;	` }	* }	: }	: 2	r #	- 12	` ×	: 2	ξ	944	1.172	728
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	450	207	625	689	781	353	274	755	479	634	283	925	6,503	7,681	1,178
		n n n	# # #	***		100 100 400 400 100 100 400 400	11 11 11	**	***	***	***	A	11	THE REST CO.	100 per 600 pe
COMMENTS															

A) Delay in ROSS submission M00-231 & M01-303

PHARMACEUTICAL PRODUCTS R&D GLOBAL DELIVERY PROJECT EXPENSE REPORT KETOLIDE ABT773

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												3		YTO	
	GE	Eb	March	April	Σ Ž	MONTHLY RESULTS	RESULTS LUX	Aug	Sept	ă	Nov	S D	F Pag	Approved APU	Yar
Discovery	185	219	169	210	234	736	210	171	214	284	258	8	2,734	2,419	312
Drug Safety	•	;	Č		ć		;	į			į	•	•		*
Fietabolism	₹	9	ŝ	7.	À	103	74	ò	80	157	130	0+1	. IS4	900'	(148)
Toxicology/Pathology	σ.	4	46	93	174	24	- 9	23	2	_		4	470	674	204
Comparative Medicine	₩	2	28	71	13	**	iv)	<u>₩</u>	=======================================	11	2	23	286	46	(240)
Strategic and Exploratory	1	i	:	Ĭ	į	ŧ	į	÷	ŧ	i	:	**	į	;	;
Medical Affairs														į	
Outcomes Res/Admin	i	~	7		92	7	m	φ	60	~	œ	12	11	8	23
Medical Services	20	69	20	69	70	2	2	69	69	22	70	69	835	969	(139)
Phase-IV	ŧ	i	98	:	;	÷	:	5	į	2	i	ŝ	ş	;	• •
Phase-I Center											:			;	
Clinical	55	102	63	16	72	69	39	7	358	12	(192)	35	83	957	97)
ACPRU - Direct	155	764	8	*	•	;		258		26	260	102	1,337	1,040	(297)
Development Operations															
Data Management	S	35	-54	159	208	206	162	207	123	167	6	154	1,874	3,033	1,159
Biostatistics	99	99	88	93	103	4	78	87	8	7	901	22	610:1	1,252	233
Research Information Ctr	33	35	5	23	8	(306)	ŧ	ŧ	:	£	è	;	į	3	ì
Information Mgmt & Tech	î	i	. 3	:	Ĭ	· ;	ŝ.	ì	*	;	i	\$	•		į
International Manpower	2	2	46	700	230	159	273	129	167	:	(575)	!	1,058	67.6	(61)
Grants - Domestic	5,54	5,541	5,432	5,606	5,608	5,605	200	(3)	162	2,4	2,414	7,710	46,197	47,031	834
R&D Project Services	^	49	_	9	i	<u>*</u>	Ŋ	<u></u>	&	œ	•	239	322	142	(081)
International Directors	7.	19	16	77	89	87	9	S	19	45	55	20	774	456	(318)
Venture Management	619	588	199	1,072	(262)	537	620	348	483	200	865	375	6,109	5,310	(799)
PARD	343	459	643	765	575	544	477	523	257	543	1.234	866	7,358	4,899	(2,459)
Regulatory Affairs	*	<u>æ</u>	£	œ	=	797	4	85	35	20	£	57	546	450	(96)
Research QA	28	23	2%	63	36	89	3	85	4	22	28	30	581	446	(135)
Re-org														1	
Investigational Drug QA	71	33	76	38	1	1	•	7	40	<u>4</u>	22	15	211	417	706
SPD	908	564	2,58	134	(1.912)	555	1.939	=	602	9	464	464	7,013	13.770	6,757
License PymuRoyalty	į	1	:	:		ŧ	i	:	:	- X	i	ĵ	i		;
Other	**	*	:	8	7	***	į	ŧ	:	315	**	(319)	ŧ	533	533
Judgment	?	7	ŧ	:	:	ŧ	i	. \$	ŧ	:	Ĭ	. :	7	(615)	(521)
	****	***	***		***	*****	****	****	*****	****	1	*****	*****	* * * * * * * * * * * * * * * * * * * *	
Total	8,429	8,47	10,697	8,853	5,369	8,532	4,295	2,335	2,813	5,557	5,148	10,289	80,788	85,136	4,348
COMMENIS		***	1) 11 11	and the same		**		000 Mari 400 A00	**			***	2 000 000 000 000 2 000 000 000 000	100 (100 (100 (100 (100 (100 (100 (100	600 000 000 000
A)Unfavorable variance due to emission of a dog study i	ince due to o	mission of	a dog study	in the Apr	Undate	in the April Update by Comparative Medicine	rive Medici	-							

A)Unfavorable variance due to omission of a dog study in the April Update by Comparative Medicine.

B) Decrease in Clinical Grant expense reflects increase in duration of Phase III studies.

C) Favorable SPD variance reflects delay in receipt of bulk drug.

Summary of Success Probabilities by Project and Franchise Portfolio Analysis (March 2001)

Liz, Tim, Steve	1	Success Probabilities 4/6/01					
Project Name	Phase Designation	Preclinical	Ph I	Ph II	Ph III/Rea	Launch	in 4/3/01 ru
Abbott and Industry Average					- -		┨┈┈┈
ALL A (LIA - I - N			570/	500/	070	150/	4
Abbott (historical) CMRI		68% 50%	57% 75%	56% 51%	67% 65%	15% 12%	-
		30%	1376	3170	0576	12.70	
<u>Analgesia</u>							
ABT-594 Neuropathic Pain	2	100%	100%	45%	70%	32%]
ABT-594 Chronic Persistent Pain (publ.)	2	100%	100%	50%	32%	16%	٠,,,
ABT-963 Pain & OA Dilaudid IR & CR - EU & Canada	1 4	100% 100%	87% 100%	65% 100%	65% 90%	37% 90%	33%
Ibuprofen/Hydrocodone CR	+ 4	100%	75%	56%	80%	34%	-1
Ibuprofen/Hydrocodone RAPID Dissolve	4	100%	100%	100%	67%	67%	1
Dilaudid CR U.S. only [DELETE]	· ·	0%	0%	0%	0%	0%	81%
Anti-Bacterial							
ABT-492 Tablet	1	100%	80%	80%	77%	49%	48%
ABT-492 IV Form [DOUBLE CHECK]	1	100%	60%	64%	85%	33%	33%
ABT-492 Japan Registration	1	100%	80%	80%	81%	52%	54%
ABT-677 ABT-773 Tablet	0	75%	75%	70%	80%	32%	21%
ABT-773 IV Form	3	100%	100%	100%	72%	72%	-
ABT-773 IV Form ABT-773 Japan Registration	1 1	100% 100%	100% 65%	50% 100%	75% 58%	38% 38%	39%
Clarithromycin Pert Proph [DELETE]	1	0%	0%	0%	0%	0%	95%
Clarithromycin Diff-Immunomod	4	100%	100%	100%	80%	80%	┨ ~~~
Clarithromycin Counter Resistance	4	100%	100%	100%	80%	80%	1
Clarithromycin Clari CAP Stepdown	4	100%	100%	100%	85%	85%	
Clarithromycin Market Enhancement	4	100%	100%	100%	90%	90%	
Clarithromycin Diff-Mucoreg	4	100%	100%	100%	80%	80%	
Clarithromycin XL-FR/GER/SWITZ	4	100%	100%	100%	80%	80%	4
Clarithromycin MR Peds	4	100%	100%	100%	32%	32%	-
Clarithromycin MR 1000mg Clarithromycin DRSP CAP	4	100% 100%	100% 100%	100% 100%	50% 50%	50% 50%	4
Clarithromycin MECAPP	4	100%	100%	100%	80%	80%	
Clarithromycin Clari Ph IV Commit	4	100%	100%	100%	100%	100%	-
Omnicef Otitis Media	4	100%	100%	100%	72%	72%	1
Omnicef AECB	4	100%	100%	100%	80%	80%	1
Omincef Pharyngitis	4	100%	100%	100%	72%	72%]
Anti-Virals							-
Kaletra QD	3	100%	100%	100%	77%	77%	1
Kaletra Ph IV PLATO Kaletra Ph IV Sustiva	4	100%	100%	100%	90%	90%	4
Kaletra Ph IV Sustiva Kaletra SEC Reform	3	100% 100%	100% 100%	100% 100%	90% 85%	90% 85%	-1
Kaletra Knoll Reform	3 3	100%	100%	100%	50%	50%	1
Kaletra Expanded Access	3	100%	100%	100%	95%	95%	1
Kaletra RTV	3	100%	100%	100%	78%	78%	1
Caletra Metab	4	100%	100%	100%	80%	80%	1
Kaletra IBHSC	3	100%	100%	100%	95%	95%	1
Caletra Special Patient Populations	4	100%	100%	100%	90%	90%]
Kaletra Salvage AV	4	100%	100%	100%	73%	73%	1
Kaletra Core Program	3	100%	100%	100%	95%	95%	-
Ritonavir New Form Ritonavir NICE	4	100%	100%	100%	77%	77%	4
Ritonavir M96-462	4	100% 100%	100% 100%	100% 100%	100% 90%	100% 90%	-1
Ritonavir Ph IV Commit	4	100%	100%	100%	100%	100%	
Cardiology							
Darusentan - Resistant Hypertension EU DELETE AND REPLACE WITH PROJECT BELOW]		0%	0%	0%	0%	0%	72%
Darusentan - Resistant HTN & CHF (US & EU) [REPLACES Darusentan project above]	2	100%	100%	60%	31%	19%	

4/20/01

1

Summary of Success Probabilities by Project and Franchise Portfolio Analysis (March 2001)

Liz, Tim, Steve	Phase	Success Probabilities 4/6/01					
Project Name	Phase Designation	Preclinical	Ph I	Ph II	Ph III/Reg	Launch	in 4/3/01 r
Darusentan - CHF (US&EU) + Res. HTN (US)							7
DELETE AND REPLACE WITH PROJECT							
BELOW]		0%	0%	0%	0%	0%	29%
Darusentan-CHF (US & EU) [REPLACES		4000/	4000		400/		
Darusentan project above]	2	100%	100%	60%	48%	29%	4
RTP Fenofibrate Formulation [NEW NAME]	4	100%	100%	100%	75%	75%	
Fenofibrate Diabetic	4	100%	100%	100%	80%	80%	1
Fenofibrate PM Women	4	100%	100%	100%	80%	80%	1
Fenofibrate Post MI	4	100%	100%	100%	50%	50%	1
Fenofibrate Ph. IV Commit	4	100%	100%	100%	100%	100%	1
Propafenone SR	4	100%	100%	100%	85%	85%	95%
Trandolapril Patch	4	100%	75%	100%	72%	54%]
Gastroenterology							
NU224 IBS	1	100%	57%	40%	50%	11%	25%
AU224 CRC	1	100%	57%	56%	67%	21%	25%
Sanaton Gastric Dysmotility	2	100%	50%	50%	50%	13%	48%
mmunoscience/Inflammatory Diseases							
D2E7 RA	3	100%	100%	100%	75%	75%	1
Gengraf EU Switch	4	100%	100%	100%	98%	98%]
Gengraf PREFER	4	100%	100%	100%	95%	95%	1
Gengraf Peds PK	4	100%	100%	100%	75%	75%	1
Gengraf Liquid Bio	4	100%	100%	100%	90%	90%	
Hokunalin Tape (NCE) 1695 RA	0	100%	85%	70%	68%	40%	4
1695 MS	2	100%	100%	50%	63%	32%	4
1695 Crohns Disease	2 2	100% 100%	100% 100%	40% 20%	63% 95%	25% 19%	-
SEGARD Sepsis	3	100%	100%	100%	60%	60%	-
SEGARD Sepsis - US Reg.	3	100%	100%	100%	54%	54%	60%
Metabolic Diseases]
ABT-822 Diab. Neuro.	2	100%	100%	10%	55%	6%	-
Sibutramine EU Reg Commitment. We							1
suggest using this name in place of LT							l
Outcomes Study?"	4	100%	100%	100%	100%	100%]
Sibutramine Juvenile Obesity	4	100%	100%	100%	60%	60%	
Sibutramine Binge Eating & Bulimia	4	100%	100%	70%	64%	45%	1
Sibutramine Japan Registration 3/T4 Hypothyroidism	4	100%	100%	95%	72%	68%	1
3/14 Hypothyroidism	0	75%	80%	100%	72%	43%	1
leuro-Psychiatry							
BT-089 ADHD	1	100%	75%	40%	52%	16%	18%
BS103/NPS1776 [DELETE AND RE-CLASS							
N DDC BUCKET] Depakote Elder Ag		0%	0%	0%	0%	0%	1
Pepakote Elder Ag	4 4	1 00% 100%	100% 100%	100% 100%	75%	75%	-
Pepakote Psychosis	4	100%	100%	100%	65% 50%	65% 50%	ł
Pepakote Dose Prop	4	100%	100%	100%	90%	90%	1
epakote Peds Patent Ext	4	100%	100%	100%	95%	95%	1
epacon Migraine	4	100%	100%	100%	75%	75%	1
epakote PCO	4	100%	100%	100%	95%	95%	1
epakote DR-ER Switch	4	100%	100%	100%	95%	95%	1
epacon Status Epil	4	100%	100%	100%	50%	50%	1
epakote ER 250mg	4	100%	100%	100%	90%	90%]
epakote ER 100mg [NEW ENTRY]	4	100%	100%	100%	90%	90%	1
epakote New Form	4	100%	100%	100%	80%	80%	l
epakote 250 mg Sp epakote ER Adol pk	4	100%	100%	100%	90%	90%	Į
epakote ER Adol pk epakote DR Neuro	4	100%	100%	100%	99%	99%	1
epakote DR Comm Use	4	100% 100%	100% 100%	100% 100%	50% 100%	50% 100%	l
edakdie NK Commiliee							

4/20/01

ABBT0047891

Summary of Success Probabilities by Project and Franchise Portfolio Analysis (March 2001)

Liz, Tim, Steve		Success Probabilities 4/6/01					
Project Name	Phase Designation	Preclinical	Ph I	Ph II	Ph IIVReg	Launch	in 4/3/01 ru
Depakote Base	4	100%	100%	100%	100%	100%	7
BSF-190555 [NEW ADDITION]	2	100%	100%	40%	63%	25%	-i
BSF-201640 [NEW ADDITION]	2	100%	100%	30%	63%	19%	
Oncology							
ABT-627 Pca	3	100%	100%	100%	75%	75%	-
ABT-627 Combo Taxane	3	100%	100%	100%	70%	70%	1
ABT-627 Early Pca	3	100%	100%	100%	55%	55%	
ABT-627 Combo Bisphosphonates	3	100%	100%	100%	50%	50%	1
ABT-627 Non Prostate Cancers	2	100%	100%	65%	50%	33%	1
ABT-751	1	100%	80%	60%	55%	26%	7
ABT-510	1	100%	80%	60%	60%	29%	1
ABT-828	0	90%	75%	50%	60%	20%	23%
ABT-518	1	100%	50%	50%	50%	13%	1
<u>Thrombosis</u>							
Clivarine Hemodialysis	4	100%	100%	100%	90%	90%	1
Clivarine Cardiology	4	100%	100%	100%	65%	65%	1
Clivarine Oral Formulation	4	90%	80%	51%	65%	24%	1
PEG Hirudin Hemodialysis	2	100%	100%	65%	65%	42%	
<u>Urology</u>							
ABT-598	0	80%	57%	56%	67%	17%	21%
BSF-420627 [NEW ADDITION]	1	100%	75%	30%	49%	11%] -'"
TOTAL PROJECTS	108						1

ABBOTT LABORATORIES

BA ASSET

			original/Appro	val Maturity	Туре	JH at Close	JHF/MF	NAIC MDY	SP	MV Source
Cusip	Seniority / SecType	Cpn	Date	waturny	TANE	<u> </u>	<u> </u>			
BA 00891MS	Research Funding Agreement	N/A	July-2000	2015	PRV	N/A	N/A	N/A		Matrix
	Seniority / SecType	3P PAR	3P MKT	GA PAR	GA MKT	GA BK (stat)	GA BK (GAAP)	Total PAR	Total BK	MV/BV (GAAP
Cusip										

Business

Abbott Laboratories ("Abbott"), the Non-Recourse Issuer, was incorporated in 1900, and is primarily engaged in the discovery, development, manufacture and marketing of pharmaceuticals and medical products, including nutritionals, devices and diagnostics. The company employs more than 60,000 people and markets its products in more than 130 countries. For the year ended December 31, 2005, Abbott reported Revenues and Net Income of approximately \$22.3 billion and \$3.3 billion, respectively.

Background

In March 2001, John Hancock entered into a Research Funding Agreement (the "Funding Agreement") with Abbott whereby John Hancock committed to fund up to \$214 million in research and development expenses for a basket of nine pharmaceutical products that were under development by Abbott. The commitment requires funding in arrears over a four-year period beginning in March 2001 and ending in December 2004 (the "Program Term") and is subject to, among other requirements, Abbott co-funding at least two times our commitment during the same period and spending an aggregate of \$614 million on Program Related Costs during the Program Term (the "Aggregate Spending Target"). The deal was structured to provide John Hancock with an expected internal rate of return of approximately 17% - 22% with a probability of losing invested capital equal to approximately 1.5% - 2.5%.

During 2001, Abbott spent approximately \$172 million on the compounds, and in 2002, Abbott spent approximately \$142 million. Based on its level of spending it each year, John Hancock funded \$50 million in January 2002 and an additional \$54 million in January 2003. John Hancock has also received \$14 million it management fees and milestone payments from Abbott, resulting in a net funding to date of \$90 million.

In September 2003, after requesting that Abbott provide John Hancock with the final version of its Annual Research Plan for 2003, Abbott did provide its final Plan and other materials which conclusively established that it was Abbott's intention as of late 2002 to spend approximately \$103 million in Program Related Costs on the compounds in 2003. Abbott's Annual Research Plan materials for 2003 further establish that it was Abbott's intention as of late 2002 to spend approximately \$100 million in Program Related Costs on the compounds in 2004. Accordingly, Abbott's total planned expenditures for Program Related Costs over the four yea Program Term were approximately \$110 million, which is approximately \$100 million less than the agreed-upon Aggregate Spending Target of \$14 million Abbott's intention and expectation as of late 2002 to spend less than the Aggregate Spending Target on Program Related Costs over the Program Term automatically terminated John Hancock's obligation to make any remaining Program Payments pursuant to the express terms of the Funding Agreement.

Abbott notified John Hancock that it disputed the termination of John Hancock's obligation to make additional Program Payments. On December 12, 2003, Joh Hancock commenced a civil action in United States District Court in Boston, Massachusetts which seeks a judicial declaration confirming the termination of it payment obligations under the Funding Agreement. On January 23, 2004, Abbott filed a counterclaim seeking payment of John Hancock's 2003 Program Payment. Discovery was completed in 2004 and cross-motions for summary judgment were filed with the District Court in October 2004. The cross-motions were argued by legal counsel for the parties on February 16, 2005, and taken under advisement by the Court. On September 16, 2005, the District Court declared adjudged and decreed that "(John) Hancock's obligation to make Program Payments to Abbott for the third and fourth Program Years has terminated in accordance with the terms of the Agreement; (John) Hancock's withholding of the 2003 and 2004 Program Payments does not constitute a breach of the Research Funding Agreement, and The Research Funding Agreement otherwise is in full force and effect in accordance with its terms." On October 14, 2005, Abbott filled Notice of Appeals of the District Court's decision to the First Circuit Court of Appeals. As part of the appellate process, the First Circuit requires the parties in ever case to participate in its "Civil Appeals Management Program" ("CAMP"), which consists primarily of a mandatory pre-argument settlement conference. The settlement conferences are conducted in the federal courthouse in Boston by former Massachusetts Supreme Judicial Court Justice Neil Lynch. John Hancock and Abbott. Abbott's appeal from the District Court's decision was heard before the First Circuit Court of Appeals on June 5, 2006. A decision of Abbott's appeal can be expected approximately 60 to 90 days after oral argument.

On June 3, 2005, John Hancock commenced a second civil action against Abbott in United States District Court in Boston, Massachusetts alleging fraud, breach contract, and indemnification on account of various known or suspected violations of the Funding Agreement by Abbott. On July 29, 2005, Abbott answered Joh Hancock's complaint and filed a counterclaim seeking payment of John Hancock's Fourth Program Payment for 2004. On February 3, 2006, John Hancock filed Motion for Leave to File a Supplemental Complaint with the District Court, alleging that Abbott failed to pay John Hancock one-third of the actual, unspe Aggregate Carryover Amount that was due on, or before January 30, 2006, pursuant to the Funding Agreement. The District Court has not yet ruled on the motion, which was not opposed by Abbott. Discovery in the second action has begun and will continue through at least November 1, 2006. The timing an outcome of that litigation cannot be predicted at present.

Current Status Liquidity

On January 20, 2005, Abbott belatedly presented its Annual Research Plan for 2006 and a report concerning the status of the Research Program to John Hancoc (these reports were required to be presented to John Hancock no later than November 17, 2005 and December 1, 2005, respectively). The report indicated the Abbott expected to spend an aggregate of \$74.4 million on the Research Program in FY 2005, bringing the amount spent by Abbott during the four-year Program plus the subsequent year (which ended on December 31, 2005) to a total of \$559.1 million.



ABBOTT LABORATORIES

BA ASSETS

REDACTED

Based upon information provided by Abbott and obtained from publicly available sources, the current status of the portfolio is:

ABT-627 (Endothelin) is currently in Phase III clinical trials for prostate cancer. A second Phase III trial for advanced prostate cancer showed efficacy, but did not neet its required endpoint and was terminated in February 2003. On December 14, 2004, Abbott submitted a New Drug Application (NDA) with the U.S. Food and Drug Administration (FDA) seeking approval for men with metastatic, hormone-refractory prostate cancer. Abbott submitted its NDA based on a meta-analysis that examined pooled data from two large, randomized, well-controlled clinical trials with a total patient population of 1,097. The intent to treat analysis showed a delay n time to disease progression in men with metastatic, hormone-refractory prostate cancer who took the compound versus those who took placebo. On February 11, 2005, Abbott announced that FDA had agreed to file the NDA. This action by the FDA indicated that the NDA was sufficiently complete to permit a substantive review of the data supporting the compound's safety and effectiveness. The Food and Drug Administration's Oncologic Drugs Advisory Committee ("ODAC") reviewed Abbott's NDA on September 13, 2005 and voted 13-0 against recommending approval to the FDA. approvable" letter form the FDA for this compound in October 2005. Completion of the ongoing Phase III clinical trial for non-metastatic, hormone refractory prostate cancer is expected by during 2006. Abbott has indicated that it will continue to pursue approval at least until the company sees data next year from the ongoing Phase III clinical trial.

ABT-510 (TSP) was evaluated in four Phase II clinical trials for renal, lung, and breast cancer, lymphoma and sarcoma. Abbott has indicated that the results for the compound as a single agent do not show sufficient activity. The Company is preparing additional Phase II studies with the compound in combination with other drugs for treatment of advanced renal cell carcinoma.

ABT-751 (Antimitotic) was evaluated in four Phase II clinical trials and two Phase I clinical trials for the treatment of renal, colorectal, and lung cancers, as well as collaborative studies in pediatric cancers and adult leukemia. Abbott is continuing collaborations in colorectal cancer, lung cancer and prostate cancer, with both ABT-751 as a single agent, and in combination.

ABT-773 (Ketolide) was ceased by Abbott in July 2002 in the U.S. ABT-773 was a Phase III compound with potential use as an anti-infective. In 2004, Abbott outlicensed ABT-773 to Advanced Life Sciences, a private company. Advanced Life Sciences has an exclusive license to develop, manufacture and commercialize ABT-773 for any human therapeutic uses. In July 2005, Advanced Life Sciences completed its initial public offering, raising approximately \$32 million. The primary use of proceeds from the initial public offering is to continue the clinical development of ABT-773 (called cethromycin) through two pivotal Phase III clinical trials for the treatment of mild-to-moderate community acquired pneumonia. On January 5, 2006, Advanced Life Sciences announced that enrollment was underway and the first patient dosing occurred in its pivotal phase III clinical trial to evaluate cethromycin in community acquired pneumonia (CAP). The trial is a randomized, double-blind, multicenter, multinational, comparator trial to assess the efficacy and safety of cethromycin in CAP patients versus Biaxin® (clarithromycin). Blaxin® is an approved macrolide antibiotic currently indicated for the treatment of CAP. Cethromycin will be evaluated using a 300 mg oncedaily dosing regimen over a seven day course of therapy. The clinical cure rate at the test-of-cure visit will be the primary endpoint for the trial. Approximately 250 patients are planned for enrollment in each arm of the study.

ABT-492 (Quinolone) completed its Phase II clinical trials for the treatment of community acquired pneumonia. No new studies are currently being planned for this compound. Abbott claims to have tried to out-license this compound, but states that no prospective licensees are currently showing strong interest in pursuing a transaction. In July 2005, Abbott indicated that Wakunaga Pharmaceutical Co., Ltd. ("Wakunaga"), the company which developed ABT-492, has requested that Abbott relinquish its rights to sublicense the compound and return all rights to Wakunaga. Abbott, in turn, has requested John Hancock's consent to the proposed transaction. In January 2006, John Hancock consented to the proposed transaction. Under the terms of the Wakunaga Agreement, in the event that ABT-492 is out-licensed by Wakunaga, Wakunaga will pay to Abbott one-third of License Income as defined in the Wakunaga Agreement received by Wakunaga on account of or related to ABT-492 and, if ABT-492 is developed by Wakunaga Internally and commercialized, Wakunaga will pay to Abbott one-third of all Net Profits as defined in the Wakunaga Agreement earned by Wakunaga on account of or related to ABT-492. In turn, Abbott proposes paying to John Hancock one-third of all revenues or other consideration that Abbott (or any of its Affiliates) receives from or through Wakunaga on account of or related to ABT-492. Such payments shall be made to John Hancock by Abbott for so long as Abbott receives any revenues on account of or related to ABT-492 notwithstanding any provision or limitation in the Research Funding Agreement to the contrary.

ABT-724 (ED) completed its initial Phase I clinical trial for the treatment of erectile dysfunction. No new studies are currently being planned for this compound Abbott claims to be actively pursuing the out-licensing of ABT-724. Abbott reports that it has been engaged in out-licensing discussions with one company.

Abbott discontinued development of ABT-594 (Cholinergic Channel Modulator), a promising non-opioid analgesic, in 2001. John Hancock has requested, but no received, information concerning Abbott's efforts, if any, to out-license this compound.

Abbott discontinued development of ABT-518 (Metalloproteinase Inhibitor), a compound that might be useful in the treatment of cancer, in 2001. John Hancock has requested, but not received, information concerning Abbott's efforts, if any, to out-license this compound.

Abbott discontinued development of ABT-100 (Farensyltransferase Protein Inhibitor), a compound that might be useful in the treatment of cancer, in 2002. John Hancock has requested, but not received, information concerning Abbott's efforts, if any, to out-license this compound.

Action Plan & Updates

See above.

Key Changes

See above.

31-mx-06 31-DEC-0

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Holdings Run Date: Loan Review Date:

27-Feb-06

Investment Review Committee Date:

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ABBOTT LABORATORIES

BA ASSETS

A 99-20 analysis was performed. The discounted value of cash flows, using a 16% discount rate, results in a value of not less than \$20 million as of March 31, 2006. The projected cash flows using our model are:

	CASH FLOW
2006	\$18.30
2007	\$ 0
2008	\$ 0
2009	\$ 0
2010	\$21.86
2011	\$ 4.83
2012	\$11.14
2013	\$18.20
2014	\$26.57
2015	\$28.81

¹ All cash flows are assumed to occur at year-end.

Assumptions

	Probability		Peak Sa	ales	Yr. Launched	
	Orig	Cur	Orig	Cur	Orig	Cur
CCM	50%	-%	\$700		2004	-
Ketolide	70	40 ⁵	800	250	2004	2010
Endothelian	70	40 ¹	700	400 ¹	2004	2010
Antimitotic	40	40	500	250	2006	2010
MMPI/FTI	20	-	400		2006	-
Quinolone	30	0 ²	400	1 .	2005	•
TSP	30	40 ³	400	250	2006	2010
ED	10	04	400	-	2007	-

Probability lowered due to decision of FDA to not approve compound based on data presented to-date and Peak Sales lowered due to potential commercial limitations due to potential toxicity concerns

(Team Leader)

Holdings Run Date: Loan Review Date:

27-Feb-06

Investment Review Committee Date:

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² Moved to Phase II, but due to uncertainty concerning potential out-licensing, reduce to 0%.

Moved to Phase II.

Last plan date was 2008, but due to potential out-licensing, reduced probability to 0%.

Based on Advanced Life Sciences starting Phase III clinical trials on January 5, 2006.